

APRIL 1951

# Nation's BUSINESS



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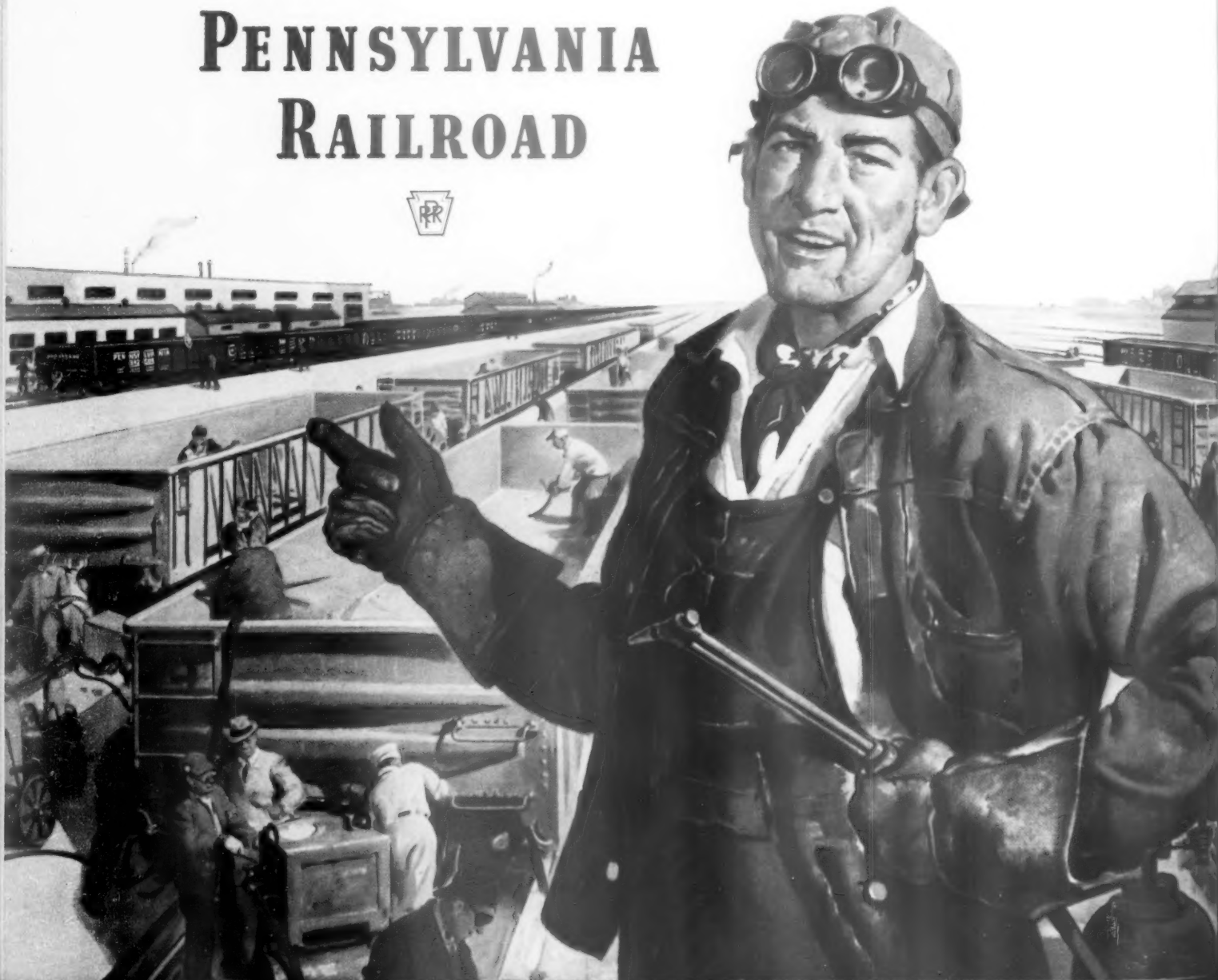
The Pennsylvania's 54,000 shopmen are working to keep all transportation equipment fit. Besides building new cars they have rehabilitated 20,000 existing freight cars and will put another 14,000 in new-car condition this year.

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## PENNSYLVANIA RAILROAD





# Nation's Business



PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

VOL. 39

APRIL, 1951

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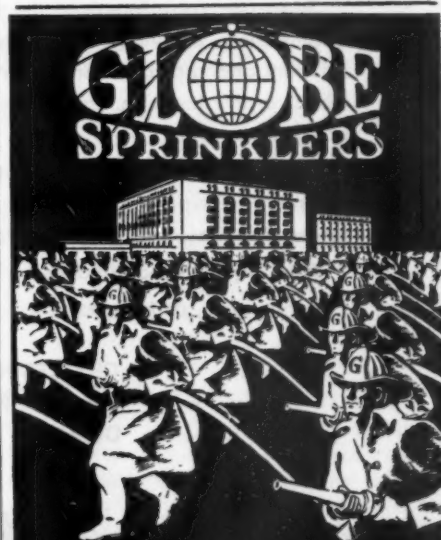
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IT'S QUITE logical that **HENRY LA COSSITT** should become a writer, growing up, as he did, in Hannibal, Mo., where his grandfather ran a newspaper that once numbered Mark Twain among its employees.



"Everybody tried to be Tom and Huck in Hannibal and so did I," recalls La Cossitt. "I also started fooling around newspapers very early, carrying them, mailing them and reporting for them. Then I went away to the University of Missouri and got a degree in journalism."

Thus prepared, he went to work for newspapers in Kansas City, Cleveland, St. Louis and for a Washington syndicate, and managed to cover everything from police to sports before he went abroad to free-lance. "Having a wonderful time" is an apt description of his experience, but he wound up broke. Back home in the States he turned to fiction.

At this point La Cossitt decided he needed an employer, so he went to Doubleday where he edited magazines and books, then to Butterick to become editor of a periodical called *Romance*, which was combined with *Everybody's*. "It turned out to be more romantic than remunerative," he told us, "so out I went and, of course, as usually happens, got married right then."

Fortunately Hollywood bought a couple of his stories and he took off for California, where he stayed a year before resuming his free-lancing in New York. Then it was back to the movie industry again, doing contact work for Twentieth Century-Fox.

After five years with Fox, La Cossitt returned to magazines—first with *American Magazine*, then with *Collier's*. As editor of the



latter from 1944-46, he had charge of covering the final years of the war. He left to become a radio commentator.

Now La Cossitt is back at freelancing.

**PAUL M. A. LINEBARGER**, professor of Asiatic politics at the School of International Studies of the Johns Hopkins University, was born in Milwaukee just 16 days after his parents returned to the United States from Peking by way of Rangoon, New Delhi and Paris. Not long after this, the family hit the road again, taking young Linebarger with them. As a result he is now an alumnus of such scattered institutions as the Punaho Academy in Honolulu, the British Cathedral School of Shanghai, a French nun's school in Monte Carlo, the Volksschule in Baden-Baden, Germany, and a handful of schools and colleges in America.

During the war Linebarger's experience and background proved valuable to the armed forces. He started out as a psychological warfare planner in the Army's first propaganda organization, the Psychological Warfare Branch of the Military Intelligence Service. From 1943-45 he served in the China headquarters of the United States Army in the intelligence offices maintained under the commands of Generals Stilwell and Wedemeyer. Much of this time he was American liaison officer to two spy systems which had a violent dislike for each other—the Kuomintang Party and the Communist Party.

Last summer Linebarger, who has known the chief executives of many countries, including four presidents of China—Sun Yat-sen, Lin Sen, Chiang Kai-shek and Mao Tse-tung, traveled around the world for an on-the-spot study of the struggle between Communist and American propaganda.

UNITED STATES aid to Europe has taken many forms since World War II—ECA, the Marshall Plan and military assistance among them. The cost of this helping hand, still mounting, is reckoned not in millions, rather in billions of dollars.

But even with our bountiful assistance Europe is still struggling along the road to recovery, with a good stretch yet to be covered. Why? One reason, says **BLAIR BOLLES**, who directs the Washington bureau of the Foreign Policy Association, is that European business men refuse to take the normal risks accepted by American busi-

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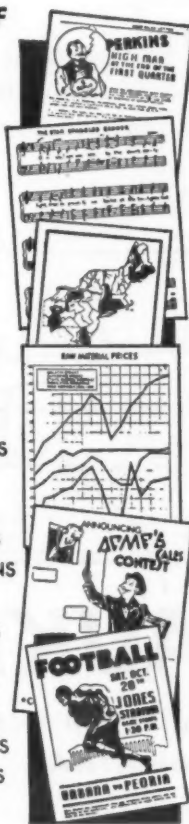
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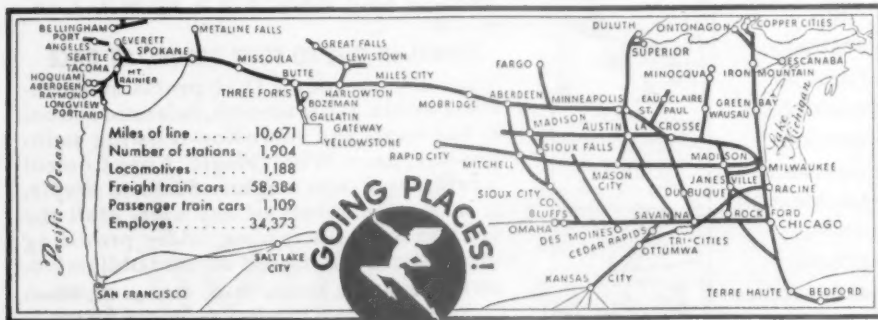
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### SHIP—TRAVEL



## THE MILWAUKEE ROAD

ROUTE OF THE HIAWATHAS

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD

ness men. The underlying reasons are given in his article on page 43.

THIS month's fiction is by **MABEL THOMPSON RAUCH**, a newcomer to the magazine. During her school days in Carbondale, Ill., where she was brought up on a large farm, an English professor assured her that she had promise of becoming a writer. However, a journalistic career was sidetracked when she discovered that she had a good voice and that it was much easier to let the sound flow than to toil long hours over literary compositions. So at 17, she entered the College of Music at Ward-Belmont in Nashville, Tenn. Then came a professional singing career, marriage and two children, and finally writing.



WITZEL

"Although I have lived on the west coast for many years," said Mrs. Rauch, "it's made little impression on me. I suppose like Uncle Dave [about whom she has written] my heart has always been in 'Egypt,' as southern Illinois has been called since pioneer days."

**FRED SIEBEL**, who did the illustrations for "Uncle Dave Comes Home," was born in Vienna, raised on a hop farm in northern Czechoslovakia, and studied art at the Vienna Academy. He came to this country in 1936 hoping to break into the stage design business only to find that opportunity was not what he had expected. Such was not the case with illustration and before long he was designing posters for Paramount Pictures.

Siebel tried the magazine field next and his pictures were a hit from the start.

IT'S HARD to tell just which attraction in the nation's capital is the most popular with tourists. The Capitol, Lincoln and Jefferson Memorials, the Washington Monument and the White House all scored recently when the editorial staff was polled to pick the setting for artist **GLEN FLEISCHMANN'S** cover painting. The White House, as you can see, won—perhaps because it's just across Lafayette Square from the National Chamber's headquarters and can be seen from the editor's office window.





## MANAGEMENT'S

# WASHINGTON LETTER

✓ **SPOTTY PROSPERITY**—that's the business outlook.

Prosperity where defense (and supporting) industries pour pay into pockets.

But less prosperity where business depends solely on nondefense demand.

Under controlled materials plan one man's loss will be another man's gain.

✓ **WAR SCARE SUBSIDES**—in mind of average U. S. citizen.

There's a psychological letdown with spread of belief that big war won't come soon. It's based on headlines, wishful thinking.

Such psychology is powerful, unpredictable, subject to sudden change. Headed the other way, it shot 1950 business to record heights. That demonstrates its strength—a force that may be just as powerful in either direction.

Your business policy is concerned with this factor. War psychology is the strongest support under business.

It can shift with lightning speed.

Peace scare is replacing war scare.

The nation appears to be far from solidly behind its defense program.

✓ **CONGRESS QUICKLY REFLECTS** nation's moods, attitudes.

If peace "scare" grows to point where it brings cutback in military program, U. S. would face serious economic readjustment.

Boom would end, probably in bust.

That's only a possibility. But it worries top administration officials.

✓ **DISCOUNT RUSSIAN** peace propaganda drive. It's aimed at slowing down U. S. defense schedule.

Illusion of peaceful intent, if it convinced this country's population, would be worth 100 Red divisions.

Claim that Russians have only 2.5 million men under arms may have been opening barrage in battle for minds.

✓ **DON'T OVERLOOK** importance of scare buying in creating record-breaking business level since Korea—

Nor effect the end of scare buying may have on future business.

There's a good chance it will bring price-breaking dip in sales before de-

fense payrolls spread new buying power—unless new scare checks present trend.

Possibility of such a dip is back of Price Administrator's prediction that prices may level off before summer.

Previously predicted midsummer timing was based on expected effect of heavy new taxes on consumers.

Earlier leveling out would be caused by better balance between supply, demand.

In statement on General Motors' record-high 1950 business, President C. E. Wilson and Chairman Alfred P. Sloan, Jr., said:

"The demand for all kinds of products sustained business activity at an unusually high level throughout the year.

"This demand was due in part to a record volume of consumer credit and, after the start of hostilities in Korea, to fear of scarcities and high prices."

Are you as realistic about your business results in '50?

If these stimulants made your business good, lack of them may make it poor.

✓ **TREMENDOUS INVENTORIES** overhang markets.

This year started with business inventories on hand valued at \$61,335 million. That's increase (partly price, partly volume) from \$52,024 million in a year.

Which means the greatest sales volume period in nation's history ended with \$9,311 million more in goods in stock than when it opened.

It means also that production has out-run sales in some lines, has more than filled pipelines.

Television production already is cut back. Adjustments are due in production rate of other home appliances.

These overhanging inventories not only are big—they are expensive. Price drop would mean big losses, on cost and storage, to those who hold them.

Inventory profits—made on goods, materials during rising prices—were \$5,100 million last year, President's Council of Economic Advisors estimates.

That's about 12 per cent of all corporation profits, nearly 60 per cent of dividends.

In past 20 years six have seen inventory losses, one broke even and 13



# MANAGEMENT'S WASHINGTON LETTER

brought gains. But seven of the gain years were in the '39-'46 war period.

Inventory effect on profit is a two-way street.

✓ **THERE'S ANOTHER BIG** stocks-in-hand factor bearing on current market outlook—one not so readily measured.

These are stocks in hands of consumers, product of post-Korean buying.

"There are millions of tires in people's basements," says a rubber economist after study of sales records.

Sales of paper products, canned goods to consumers in case lots suggest well stocked shelves in homes.

What's on your closet shelf?

Or take a look in the garage. New car sales since June show sharp rises and falls coinciding with the rises and falls of scarcity scares.

In cars, as well as other consumer hard goods, there's a good stock already in the hands of people who can afford scare buying.

This purchasing created periods of shortages, periods ended by greater production, which may become, without the buying rush, overproduction.

✓ **WHAT'S IN WELL FILLED** U. S. warehouses?

"Some of everything conceivable." That's how one warehouseman puts it after a national survey.

Commercial dry warehouses throughout the country average from 75 to 80 per cent full. That's up 5 to 10 per cent above year ago. It means warehouses are jam-packed full in some sections.

Fullest occupancy is in north-central manufacturing states.

Lowest is along eastern seaboard, result of policy of avoiding congestion at shipping points.

Greatest rise in flow of goods to storage in recent months has been in household appliances—stoves, refrigerators, smaller items.

Also stored in large volume: canned fruits, vegetables, breakfast cereals, packaged foods, agricultural products.

Occupancy of refrigerated warehouses also is up from year ago, stands at 65 per cent. Big items: shell eggs, apples, pears, fresh vegetables, meats.

Commercial freezers are more than 80

per cent filled. In these are butter, meats, poultry, vegetables.

Government stockpiling adds to warehouse congestion.

Strategic materials have filled government-owned storage space, are spilling over into commercial warehouses.

✓ **SALES DIPS**—like business prospects—are likely to be spotty this year.

Rising payrolls create new buying power, particularly when they are accompanied by expansion of the labor force.

One man may be stocked up. But another, new in the labor force, still has his buying to do.

✓ **STATE DEPARTMENT** dickers with rubber producers on long-term cartel despite protests of U. S. rubber manufacturers.

Little publicized meeting of State Department representatives with British, Dutch in London will be followed by another next month in Rome.

Prices under discussion are reported to be around 50 cents a pound.

Cartel period, three or five years.

John L. Collyer, B. F. Goodrich Company president, has told Government "reasonably efficient" producers can deliver rubber in New York for 10 cents a pound, while average total cost of all producers "probably is not in excess" of 16 cents.

Price of natural rubber last month was about 70 cents, compared to wartime 22½.

At January import level a 25 cent price difference means about \$600 million annually to U. S. rubber users.

Natural rubber producers disagree with Collyer's cost estimates, say they can't be computed because of unsettled conditions.

Collyer also points out that world availability of rubber, natural and synthetic, this year will be 2,800,000 tons, while requirements (including military) will be 2,175,000, leaving a surplus of 625,000 tons.

Bidding among nations for stockpile rubber sent prices paid producers soaring 340 per cent at high point last year.

Manufacturers generally contend this buying by governments has been greater than necessary, that stockpile requirements will be adjusted downward when military needs are more accurately assessed.

Rubber supply outlook for U. S. this year improves sharply.

Allocations indicate allowable use of 1,070,000 tons, natural and synthetic, for civilians plus approximately 200,000



tons to meet military needs. Compares with 1,240,000 tons used for civilians and military in 1950.

Cartel year ago would have benefited American rubber manufacturers, users.

Cartel now would benefit producers—who have just completed their best year in history.

It would restrict free price movements such as brought 2.6 cent rubber in 1932, when year's average price was 3.4 cents.

✓ **SKYROCKETING HOUSING** starts may bring further building restrictions.

Talk of that grows as dwelling starts increase despite credit controls, limitation orders, present and prospective materials shortages.

Administration economists ponder cause of rush to build homes. Consensus: scare, fear of future limitations.

Members of construction industry's Joint Advisory Committee on Credit and Production Statistics to Federal Reserve, Housing and Home Finance Agency (JACCPSEFRHHFA to you), have been asked to consider question: "Should controls be tightened?"

There's little chance of affirmative recommendation soon. But there's greater chance that builders may have trouble completing some of the homes being started as materials run short.

✓ **EXPORTS WILL CUT** into U. S. supplies of short capital goods.

Other nations want finished products—not dollars—for things they send us.

You need our coffee, lead, tin, copper. We need your transportation equipment, cranes, tools. So let's trade. That's foreign suppliers' stand.

Note: During last war and immediate postwar, foreign countries stockpiled dollars, found later they couldn't pry what they wanted out of busy U. S. markets—or that prices had soared, sharply depreciating their dollars.

So U. S. may have to force exports to get needed materials from foreign lands.

✓ **HERE'S HOW TAXES** (present, not future) can affect business profits—

International Harvester's first quarter was best in its history. Sales totaled \$260,140,000, up from \$179,-748,000 in same quarter year ago.

Tax liability on record high quarter is estimated at \$21,700,000. That's five times the \$4,327,000 tax bill on the year ago quarter.

✓ **IF YOUR BUSINESS** depends on rail shipments watch out for tightening in freight car shortage next month.

## MANAGEMENT'S WASHINGTON LETTER

Usual spring movement of manufactured goods will throw added burden on already critically short freight car supply.

Fall demand will hit peak in October.

U. S. rails are hauling about the same load as during 1944, with 80,000 fewer cars.

Note: NPA cutback of steel for freight cars from 10,000 tons monthly to 9,000 doesn't mean diminishing effort. It means car builders haven't been able to reach 10,000 car goal. Production still hovers around 6,000.

✓ **ARMED SERVICES'** objection to military manpower ceiling is psychological—not practical.

Services must balance manpower with facilities to train, supply, move it.

Defense Department's own goal of 3.5 million under arms this year was based on its estimate of that ability.


So objection to 4 million limit set by Congress was based mainly on services' dislike of restrictions.

✓ **BRIEFS:** Farm bloc in Congress won't change law to allow price ceilings under parity—although economic stabilizers may ask for it. . . . Hotels are breaking in elevator girls to replace men going into the services. . . . Slightly more than one out of three families now include more than one worker. . . . The 8.5 million tons of steel going into automobiles this year about equals total steel requirements for all other forms of transportation (except marine)—rails, buses, aircraft, trucks, streetcars. . . . Small miners of strategic base metals—copper, lead, zinc—don't like Government's \$10 million allocation for exploration, development of new deposits. They urge congressmen to support premium price for small producers like that paid during World War II. . . . Farm economists say if it were not for the present emergency U. S. farmers would be "extremely well equipped" with farm machinery. . . . Had a big low-cost housing project in your city? It offers inducement of a built-in labor supply for a new plant. . . . Bill to give free \$10,000 life policy to members of armed services during service period, drop it at termination, will die in House-Senate conference.





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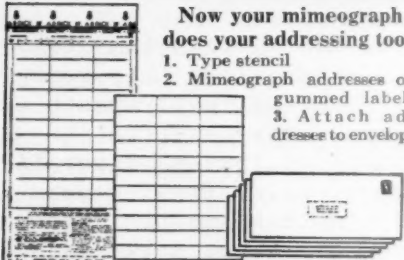
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# By My Way

R. L. DUFFUS



## First robins

A LOT of people make a fuss over the first robin and the earlier they see him the prouder they feel. A man who sees a robin in March looks down on a man who does not see one till April and a man who sees one in February gets so conceited he is hardly fit to live with. This is unfair. The credit should go to the robin, not to the man. I am told by those in a position to know that there is quite a competition among robins to see who shall get farthest north first. The prize ought to go to a robin who once spent a winter in a cedar hedge on the sunny side of a wall in Montpelier, Vt. (I believe I am indebted for this information to my learned friend, Charles E. Crane, whose word can be depended on, let the chips fall where they may.) I am told (though not by Crane) that this robin thereafter laid frozen eggs and that the young robins hatched out subsequently had fur on them instead of feathers, but I couldn't prove this in court. I have a respect for that robin, and I have a respect for any robin who risks head colds and rheumatism to give somebody he may not even know by name the opportunity to say he saw him first.

## Upside down—why not?

THE New York Zoological Society reports the acquisition of specimens of a small species of catfish that swims upside down. This has been going on a long time and thus cannot be due to a belief on the part of the fish that the world of today is in such a condition that it looks better upside down. The ancient Egyptians, as James W. Atz reminded us in a recent issue of "Animal Kingdom," the Society's house organ, showed such fish, upside down (and apparently happy) in some of their friezes. It may well be that an upside-down world is better in many respects than one right side up. Flies on the ceiling seem perfectly contented until one

gets after them with a folded newspaper. Nuthatches go down trees headfirst and nobody except a few insects thinks the worse of them for it. We are told that Lewis Carroll's Father William "incessantly" stood on his head. It may well be that we who prefer to remain upright and head up are the ones who are peculiar. I do not state this as a fact but I do think we all ought to be broad-minded, whether or not we personally prefer to broaden our minds by standing on them.



## Movies, then and now

I HAVE been delving into the history of the movies, by the pleasant method of looking at some old ones in New York City's Museum of Modern Art. Early Chaplins are still funny, though by today's standards a bit crude. The custard-pie school of humor is not subtle—though I must admit I laugh at it when nobody is looking. I have also inspected some animated cartoons and I find I still love Pluto and Donald Duck, and would be happy to take Mickey Mouse home if Petunia would accept him (she wouldn't) as a friend and companion.

Finally, I have discovered the direct descendant of the penny arcade, in which our ancestors, back in semiprehistoric times, saw their first movies. Penny arcade movies today cost five cents a shot—evidence, of course, of a perilous degree of inflation. But the one I saw did indeed take me back to simpler days. The plot turned around one of the characters who swallowed a ping-pong ball and then wished he hadn't. Our remot-



est ancestors would not have considered this too high-brow. In between these adventures I also saw a big modern movie in a big modern movie theater, where the orchestra came up out of the basement on a huge elevator, a man played the pipe organ in an alcove half a mile distant from my seat and a row of pretty girls did some remarkable kicking in unison. Then I went home and read a good book.

## The old Ticonderoga

ONE dream of my childhood used to be to go on one of those excursions the Central Vermont Railway and the Lake Champlain steamboat companies used to run—maybe to Ticonderoga or Ausable Chasm. Such an excursion trip, plus incidental expenses such as hot dogs and peanuts, would certainly have cost \$2 or more—I forget the exact figures. Anyhow, I never crossed Lake Champlain on a steamboat (or on foot or swimming, either) until long after I had finished college and got married. I then desired to show my wife Vermont from the lake, and I did and she liked it. But I loved the old boats on which I didn't ride, and it does my heart good to learn that one of them, the *Ticonderoga*, is to be put in the Shelburne, Vt., Museum at the end of the next summer season.

Perhaps the *Ticonderoga* is the more a magic ship to me because I took so long to travel on her; perhaps she means more to me for being so long a dream.

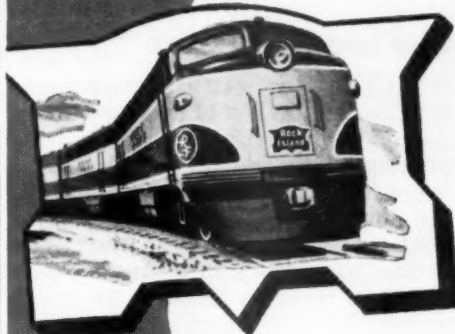
## Out of old Vermont

ONE of my favorite books when I was in high school was Rowland E. Robinson's "Uncle Lisha's Shop." I used to get this out of the Waterbury, Vt., public library, then open one or two afternoons a week, and I suppose I read it half a dozen times. The story, or series of sketches, partly in dialect, is about a shoemaker of perhaps a century ago and the group of cronies who dropped in at his shop. It has a mild love interest and a good deal about the way Vermonters in Dan- vis (probably Vergennes) thought, talked and acted.

It is a dangerous thing to reread in later life a beloved book of one's youth, but I came out unscathed. Those were the days when the two wars with England were still well remembered and the land was full of wild game. It was Uncle Lisha who said:

"You never seen a man 'at hed

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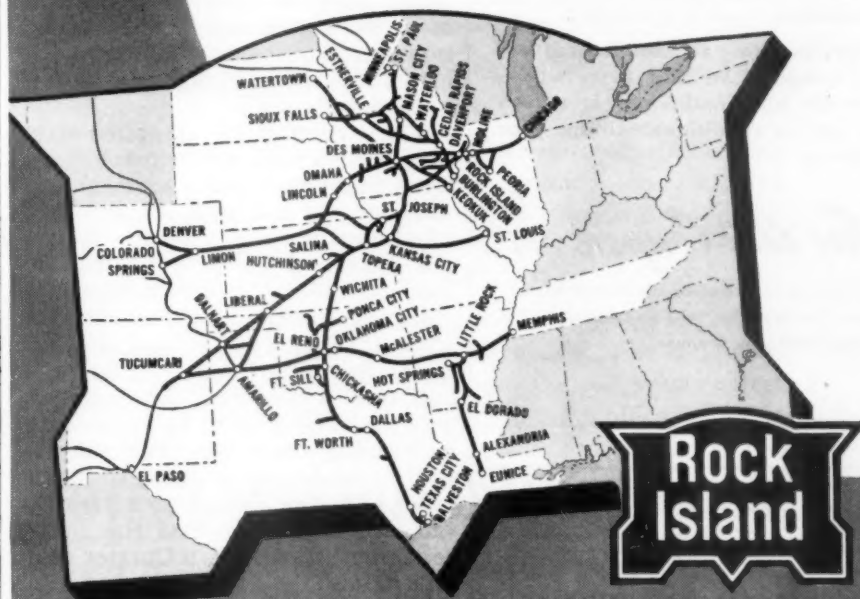
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him a dawg 'at wa'n't a-braggin' 'baout him on some pint. That's one reason 'at I don't hev me a dawg. I hain't no gift o' braggin'."

I felt as bad as I did many years ago when the book ended with Uncle 'Lisha and Aunt Jerusha going out to live with their son in faraway "Westconstant." Since I have not been bribed but paid for my copy (\$2.50, including not only Uncle 'Lisha but "A Danvis Pioneer") I may mention that the Charles E. Tuttle Company of Rutland publishes this and others of Rowland's books for those who love Vermont lore. The Vermont Historical Society also has it.



## The red nightshirt

WHILE winter was still with us I saw some long red nightshirts displayed in store windows on the principal street of Manhattan. They looked like flannel, though I did not inquire. What I do know is that if they were bought and used it was by persons more interested in being in style than in keeping warm. If I were a snappy dresser (I don't seem to be) I would have a red flannel nightshirt if my tailor told me that well dressed men were wearing them. It is, however, useless to attempt to bring back the red nightshirt on a nation-wide scale.

The nightshirt reached its height at a time when few houses were properly heated and getting into bed (or out of it, either) was like entering a cold shower. It was not intended to be beautiful or fashionable. At its best it kept one warm, including the feet; at its worst it tripped one up and one fell down the cellar stairs. (The reason one was going down cellar was that one wished to make sure everything was all right down there and to get a drink of hard cider.) Today, except as a passing fad, the nightshirt has the same sentimental value as a Currier and Ives print.

## A new grandchild

I AM a grandparent again. So is my wife. This makes three: Butch, Nairne Ann and Michael Stewart. I can no longer say that any one of

them is the most beautiful child in existence, for I do want to keep on good terms with my two charming daughters and their hard-hitting husbands. I have to content myself with remarking that in all probability there is no more beautiful, more intelligent or better-natured set of children in the United States at the moment. (I know this statement will be disputed. Please do not ask me to prove it.) I find I don't feel much older than when there was only one grandchild in the family. I just feel a little lazier. After all, not too much should be expected of a grandfather.

## On being one's age

I SOMETIMES wonder why it is that so many women—and men, too—should go to all the trouble of living through a considerable number of years and then, by various artifices, try to create the impression that they were born yesterday or the day before. I don't believe this was customary when I was a boy in Vermont. For men, at least, the theory was that anybody who had withstood 50 or 60 or more Vermont winters and was still able to get around had something to be proud of. And there were a few grandmothers who didn't mind being called "old ladies," though they would have taken a rolling pin to anybody who called them "dear old ladies."

## The old spring fit

AT ABOUT this time of year I begin to tell myself that my trade or profession requires me to do a bit of traveling. How can I write about things if I don't see them? Perhaps the sound of wildfowl migrating north, the sight of a crocus or a new blade of grass, or the music of running water that was but lately snow helps me to make up my mind. My wife helps, too, for she has a practical side to her nature. Often I find that what was yesterday only an idle dream is today a matter of buying tickets. This is all right with me—idle dreams cost nothing but neither do they get you a chance to see the world.

I have always liked some of Robert Louis Stevenson's comments on travel. For instance:

I should like to rise and go  
Where the golden apples  
grow—

which today might mean Florida, Texas or California, and not the Garden of the Hesperides. Stevenson also wished to be "where the Great Wall around China goes,"



but I don't, at the moment. In the end he decided that

There's nothing under heav'n  
so blue  
That's fairly worth the travel-  
ing to—

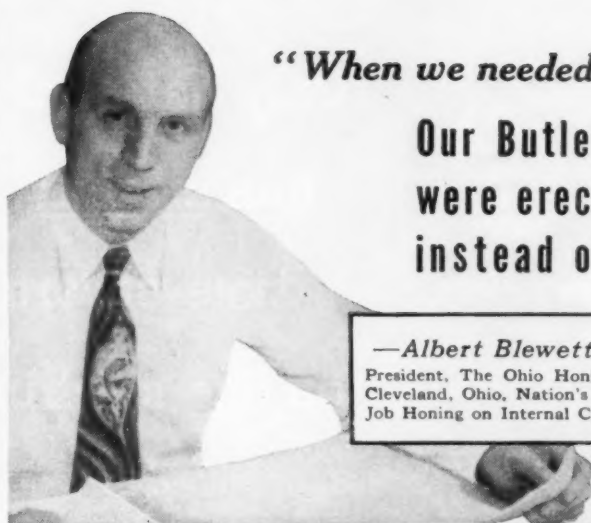
and departed for the South Seas.

I agree with R. L. S. that it's the traveling that matters, not the arriving. But one does have to know where one is going before one can make reservations. I can't go to a travel agency and buy a ticket to nowhere. Maybe Arizona, maybe the Caribbean, maybe France; maybe by car, maybe by ship, maybe by plane. Perhaps this is the best part of the whole vacation, trying to make up one's mind. But, as I said, the practical member of our family will stand just so much of that. There'll be tickets to somewhere pretty soon.



### Skating: a look back

A GIRL in an advertisement I read some weeks back said I wasn't a New Yorker if I hadn't visited one of New York City's outdoor skating rinks. I did not take this personally, because she was talking to several million other persons and because I am, as a matter of fact, an unreconstructed Vermonter with a touch of the old California prospector. But I have watched some public skating without the desire to do any. When I last skated, which was not too long ago—indeed, it was after I was old enough to know better—I did not try to emulate Sonja Henie and her distinguished company. I merely tried to do what I call a jump stop, which consists of turning sharply and landing heavily on the base of one's spine. I now watch skaters with a species of envy, for they seem to do things that were not considered possible when I was a child. What we did at that time was to put on our skates, hoping the clamps would stay shut (they didn't) and run. There was a glorious sense of motion (first horizontal, then perpendicular) and one felt healthy and the girls were so pretty, but we didn't cut figure eights or other capers. So I cannot be a New Yorker in the sense the girl in the advertisement suggested.



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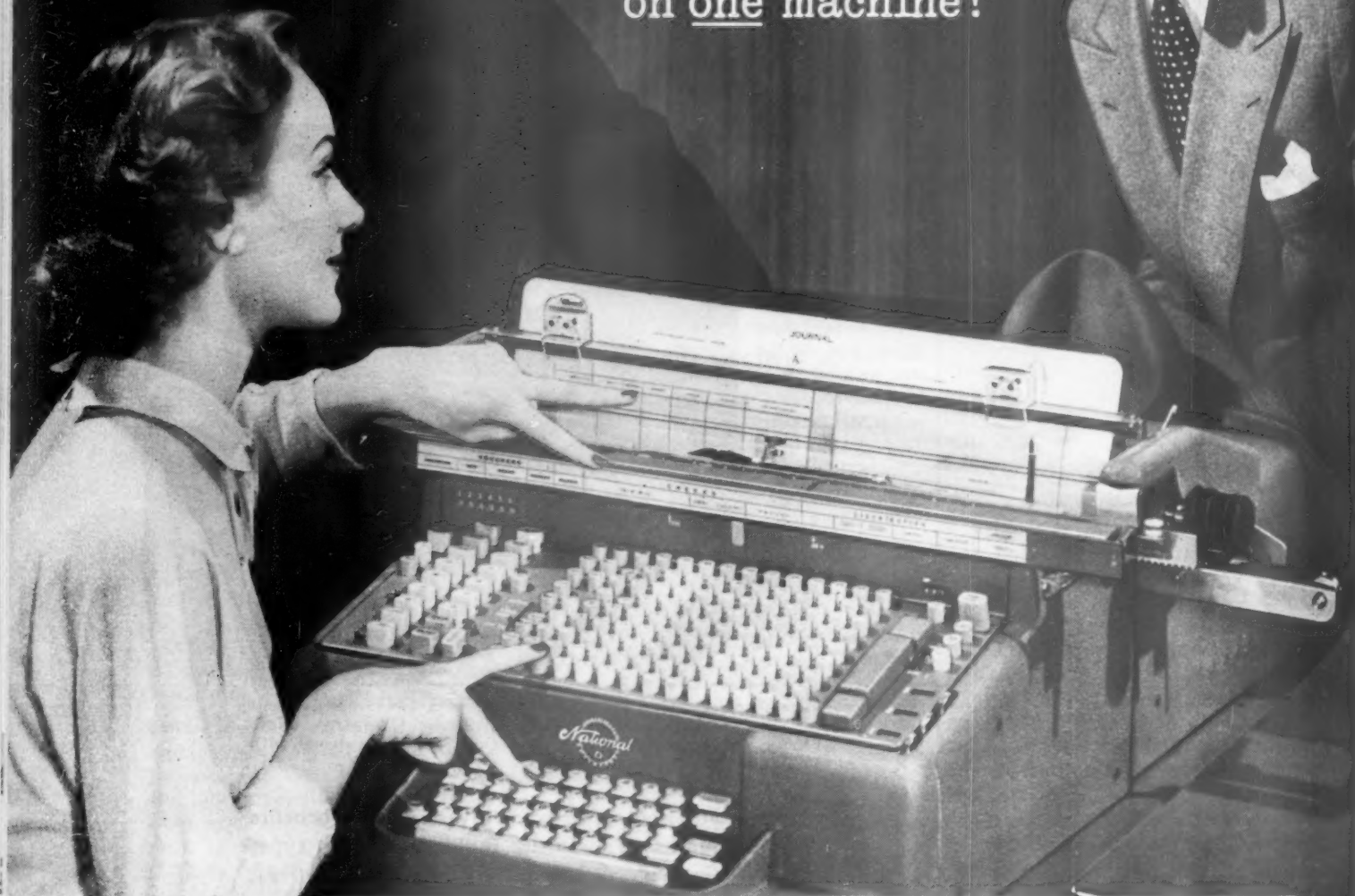
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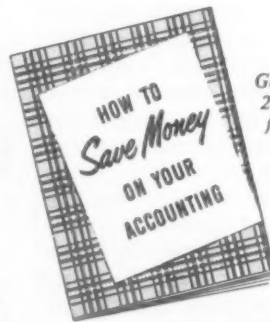
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## The State of the Nation



Felix Morley

**"O**NLY ONE accomplishment," said the poet Aeschylus some 2,400 years ago, "is beyond both the power and the mercy of the gods. They cannot make the past as though it had never been." The conviction carried by that poignant observation is presumably responsible for its longevity, and for the

many subsequent variants on the theme in many languages. Yet it is not an easily acceptable thought.

Few of us like to believe that all our actions—the shameful as well as the admirable—count equally in determining the pattern of our personality. We would like to be judged only by our more excellent moments, keeping some passages "off the record." Sometimes, thanks to the charity of family and friends, we do "get away with murder" of our better selves. But that does not make the past as though it had never been.

A difference between the individual and the institution, whether the latter is concerned with private or with public business, is that the corporate body is less subtle and more open to inspection than the individual soul, and therefore cannot evade responsibility by passing the buck to others. There may be many once active members of the Nazi Party who are living quite happily in Germany today. But Germany as a whole has

been paying a dreadful price for what these individuals countenanced.

• • •

Institutional continuity is strongest today in the case of the State, which in this totalitarian age demands that every private organization shall be subordinate to what is considered the overriding national need. Indeed, as the defense effort proceeds, we see more and more clearly that no private interest, no matter how meritorious, is to be regarded as having precedence over, or exemption from, the governmental program.

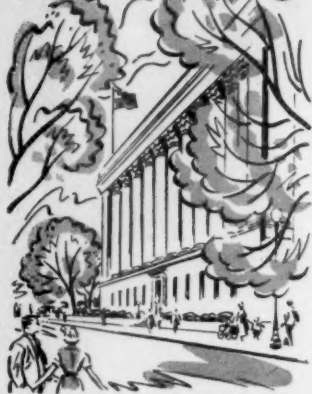
Yet, and this is really fortunate, no official, no matter what the authority vested in him, can make the past of this country as though it had never been. That is beyond the power of the gods, let alone that of any bureaucrat in Washington.

Because the past of the republic has been so memorable, and because its influence is still so vital, people are more and more asking themselves what it is in the American tradition that should at all costs be maintained. It is a question that must be asked by every patriotic citizen, since the aggregate of the answers today will determine the future for our children. What is the present now will be the past tomorrow. "The past is only the present become invisible and mute," as Mary Webb wrote in the foreword to "Precious Bane." That is what makes the present moment literally momentous.

At this moment much is being said about cut-



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## OF NATION'S BUSINESS

backs. Steel, aluminum and copper are key commodities of which the consumption, under the preparedness program, exceeds supply. So their civilian use has been curtailed—cut back by carefully calculated percentages—while effort is made to increase production to meet all demand.

There seems to be an analogy here, outside the economic field. What commodities, of a spiritual rather than metallic character, are also in short supply in today's living; are also being cut back by the demands that Government makes on us, and yet are susceptible of increased production if we set ourselves to the task?

One such virtue, rather scarce but available in large quantities if we set our minds to its development, is tolerance. By this is meant not merely the passive avoidance of a disagreeable person or idea, but rather an active effort to extract from human relations the mutual enjoyment that the most diverse people can always give each other, if they only try. There is no reason why tolerance should be cut back because of current irritations. Indeed there might be much less irritation if tolerance were more widely developed.

Another scarce commodity, close to tolerance in the spectrum of values yet distinct from it, is conciliation. This is the activity that endeavors not to exacerbate differences of opinion, but to compose them. There is room for its practice in many circumstances where tolerance can be taken for granted. And in every occupation the art of conciliation is helpful to good workmanship.

Still a third quality, in somewhat short supply at present, is constructive, as distinct from purely captious, criticism. Every teacher knows the difference between mere faultfinding and the presentation of a method better calculated to bring desired results. Without that type of criticism progress, in any line of human endeavor, would be impossible.

The kindred virtues of tolerance, conciliation and helpful criticism are as much in demand today as are steel and copper and aluminum. And we do not need to raise new money, build new factories or open new mines to increase the supply. Nor is there any reason why the supply of these virtues should not be exploited, since inexhaustible reserves of all of them lie within ourselves.

A little reflection, moreover, serves to remind us

that the virtues mentioned are actually those of good citizenship. They are the characteristics of the men and women in every community and every office who are most helpful, and most respected by their fellow workers. Those who seek to find the best in their associates, to smooth the differences that continually divide us, and to point a better way, whether it be old or new, to attain mutual objectives—in their hands are the keys of the kingdom.

Everyone agrees that this republic now is in a most perilous period of its history. And the dangers that confront it actually are far more subtle than any that can be plotted in the Kremlin. Nor can the threat to underlying structure be warded off by any governmental organization of "civil defense."

A people whose institutions are based on the diffusion of power are engaged in a collective effort, of indefinite duration, that demands an increasing concentration of power. As this condition continues the injury to all our local institutions could become very real. It is important to realize that we face a peril which grows within from our very efforts to insure external protection.

And as we strive to cope with this hydra-headed problem it is equally important to remember that not even the gods can undo the effects of the actions we are taking now. They will not be able to make the past as though it had never been.

The more reason, therefore, to balance unwelcome regimentation by a renewed affirmation of the virtues which are the real foundations of this republic; the more reason to offset the cutbacks in material products with increased production of spiritual values.

This involves personal effort rather than reliance on any governmental agency. And, in a most interesting way, the nation has recently demonstrated that it is still self-reliant. The Twenty-second Amendment to the Constitution, limiting future Presidents to a single re-election, would not have been ratified by so many state legislatures if there were any popular leaning towards dictatorship. We have our troubles, but do not want them solved by any "man on horseback."

When people say: What can I do to help in the present crisis?—the answer is easy. Nobody but the individual himself can accomplish anything fundamental for the salvation of a country dedicated to individual liberty.

The values that make this republic unique in history cannot be packaged by any war industry, or given priorities by any defense administrator. They are personal values. Because Americans had them in the past, they are still real for us today. And only if we keep them real today, will they still be bright tomorrow.

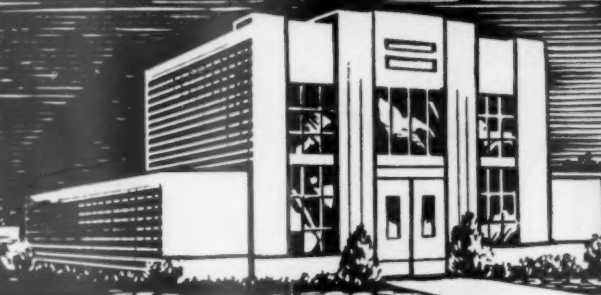
—FELIX MORLEY



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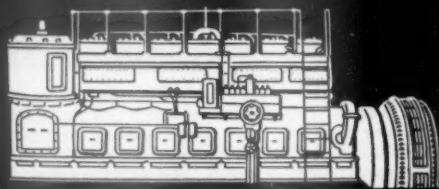
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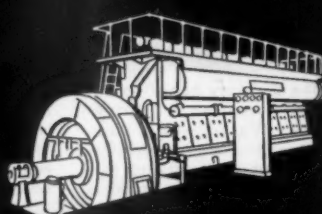
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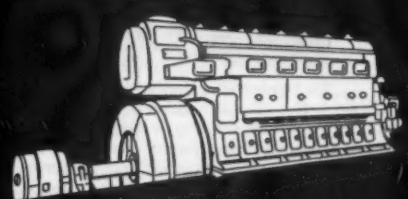
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# The Month's Business Highlights



Paul Wootton

**W**HAT a marvelous place is America! An amazing amount of goods for civilian use continues to pour from factories, despite the rapidly mounting output of military supplies. It had been estimated that the manufacturing capacity of the country was occupied fully before defense production got under

way. It now is being demonstrated that with the industrial plant equipped with a higher percentage of modern machinery and equipment than ever before, with more highly developed managerial skill and worker know-how, it is capable of expansion far beyond rated capacity.

An outstanding feature of present performance is the speed with which it has been attained. The over-all rate of industrial production has been stepped up by a fourth since January, 1950. Durable goods output has gone up a third in the past 12 months. Machinery output is up more than 40 per cent with transportation equipment only a little way behind. Despite restrictions on credit it looks as though the 800,000 annual residential construction quota will be reached in seven months. The value of all types of construction is running only slightly below the peak reached in August, 1950. An industrial system must be good that has been able to multiply by three the total output of goods and services in the boom year 1929. Not only that, but a better distribution of income has been attained than ever before. With a national income that soon will reach \$250,000,000,000, more than half—about \$160,000,000,000—will be paid out as compensation this year. Corporate profits, after taxes, account for only \$25,000,000,000—a tenth of the total. What America has done in the nine months since Korea gives new assurance of great industrial superiority over Russia.

With all the modern machinery, with all the expert know-how, and with the invaluable lessons of World War II experience the equipment of a 3,500,000-man Army may not take as long as now estimated. Areas aggregating the size of Texas will be needed in two years to store all the tanks, guns, and other equipment that it will be possible to make. It seems likely that limitations on materials for civilian items can be eased some-

what before the end of the two-year period, but there is no reason to believe that enough production could be restored in that period to meet normal civilian demand. It requires heavy production to maintain a 3,500,000-man Army. Improved equipment will be designed. That means continued production to avoid obsolescence. Little decline in defense activity is foreseen for the duration of the cold war with Russia.

The country is meeting a new challenge—different from anything it has met in the past. It has to mount a vast defense program without knowing how much it will need or for how long. It has to take on the burdens of large-scale war at a time when the public is not aroused thoroughly to the dangers of the situation. The fighting in Korea is a minor operation as wars go these days. It is not having the effect of alerting the country to the need for all-out individual effort to increase productivity and to accept sacrifice.

Dangers in the domestic situation have not been brought home to the public any more than has the possibility of World War III. The great need is to make the individual conscious of the supreme importance of maximum production, minimum consumption, increased efficiency, elimination of waste and close cooperation in the fight on Communism and on inflation. The country is in a situation where it cannot afford complacency, defeatism and least of all lawlessness.

Absence of a "Pearl Harbor" to dramatize the emergency is reflected not only in the attitude of the public toward controls, but in that of manufacturers toward defense orders. They want them only when civilian orders no longer are available. Any profit made on war goods is likely to be criticized. Profits on ordinary manufacture usually are not questioned.

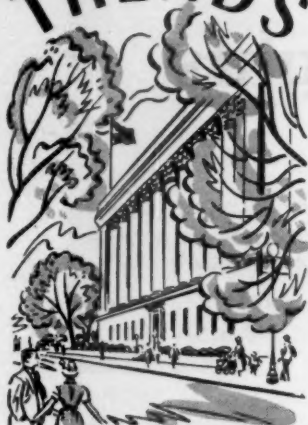
No complicated statistics are necessary to indicate the lack of progress being made in checking inflation. Prices make a day-to-day record that all can see. They will continue to rise as long as most of the pressures are upward. Three out of four banks have been increasing their loans outstandingly. They are con-



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tinuing to sell governments, which makes it possible to feed the credit stream. Most banks, however, are showing caution in accepting real estate mortgages. Loans to brokers have declined, but lending for the purchase and carrying of securities displays plenty of vigor. Loans to sales finance companies have been increasing at more than the seasonal rate.

The public is continuing to buy, even at the expense of savings. Merchants con-

tinue to buy. Industries continue to bid up prices of materials. Insurance companies continue to sell bonds at a premium and to lend the proceeds. It is obvious that much more must be done in the field of credit control before the trend can be reversed. The extent to which additional taxes and economies in public spending will exert anti-inflationary pressures remains to be seen.

In the handling of price and wage controls muddling follows the timeworn pattern. Action is taken too late. The resulting trouble is blamed on the method rather than on timing. This is done at a high cost. Business is disturbed more than is necessary, but stabilization officials are not entirely impervious to the logic of events. They falter as they drag along, but they seem to be muddling in the right direction.

Whatever may be done to flatten out the curve of rising prices action was delayed long enough to set some spectacular records. As compared with 1940 prices rubber led the list, with farm products second and building materials third. Increase in wholesale prices of other principal groups was in this order: hides and leather, metals, textiles, household groups, fuels, and chemicals. Cost of living increased 80 per cent in that period. In the homestretch, since Korea, rubber held its lead, but the order of the other commodities, in terms of prices, changed. Farm products fell back to fourth place. Textiles took the lead. Based on 1926 the dollar in 1940 had a buying power of \$1.27 in terms of wholesale prices. the average for 1950 was 61.9 cents.

• • •

Every now and then someone points to the fact that during the period when inflation was marked the Government's cash receipts have exceeded expenditures. The Federal Reserve supplies the answer. The large and growing amounts of contracts let by the Government for defense purposes have an inflationary impact on the economy. Even more inflationary was the widespread expect-

tation that much greater government expenditures for military purposes soon would be made. Acting in anticipation that shortages and higher prices would result from the expanded defense production, individuals and business firms bought goods and property, bidding higher prices for them and in many cases getting bank credit to finance those purchases. Thus, the money supplied was increased and the velocity of money was heightened by actual and anticipated government expenditures, even when government operations did not add directly to the money supply.

A change for the better in the attitude of the country is apparent. When United Nations troops were being driven out of northern Korea, when it seemed possible that the Chinese would make good their threat to drive them into the sea, the country had a bad attack of frustration and defeatism, but we were not in the dumps long. Our armies in Korea soon demonstrated that they could not be overwhelmed by an avalanche of Chinese. A feeling of hopefulness and determination gained the ascendancy both in Korea and on the home front. The hope now is that we can stay out of the slough of despond without becoming complacent. Relaxation of effort goes with complacency. Activity does not encourage despondency and the country has become unprecedentedly active, as all the indices show.

Business is responding to the improvement in the political situation. After indulging for a period in the favorite sport of name-calling it develops that after all there is agreement that the American way of life must be protected. There is agreement that protection for western Europe is a necessary step to that end. Arithmetical arguments as to the number of troops to send and the rhetorical question as to whether the inevitable blessing of Congress should be given before, during or after troop movements have shrunk to something less than fundamental issues.

• • •

A policy which will stand the country in good stead, when the time for reconversion comes, is that of disturbing existing plants as little as possible. Instead of ripping out the machinery being used for the production of less essential goods, as many as possible of these plants are being put in moth balls. Instead of removing machinery and equipment, for instance, from a well-tuned automobile plant to convert to tank manufacture, a makeshift structure is built for the tank plant. Such a structure can be thrown up before the machinery to go into it can be delivered. That plan allows the auto plant to operate as long as materials are available. Tank manufacture is not delayed and the auto plant can be put to work promptly when conditions permit.

—PAUL WOOTON



# Washington Scenes



Edward T. Folliard

**A**S HE rounds out six years in office, President Truman finds himself in a familiar situation. His countrymen — a sizable majority, at least—are not very enthusiastic about him at the moment. Apparently, they do not think he is doing a good job. This is familiar; yet it is different, too.

The first time the American people really sized up the President, and talked openly about his shortcomings, was in 1946. In that transition period, a number of things conspired to shake people's confidence in him—strikes, the meat shortage, and his fumbling in the so-called Wallace episode. All over the country that year, you could hear the same unfavorable estimate of Mr. Truman: He was in over his head, he was not big enough for the job.

Now the not-big-enough talk is being heard again, but there has been a change in the tone. Americans are a much more anxious people today than they were in 1946. They know that their very lives may depend upon the kind of leadership they get in Washington. Consequently, their talk about the man in the White House is more sober than it was when they wisecracked about the "haberdasher" and the "piano player."

• • •

The fact is, a good many people are worried about Mr. Truman; worried, that is, about his temper and his impetuosity. His angry letters, his press conference remarks that sometimes have to be "clarified," his off-the-cuff attacks on "Tyrant" Stalin—these and other seemingly rash actions have done much to unsettle people.

In the minds of some, there has been created the impression of a man who, waking up on the wrong side of the bed some morning, might do something or say something that would rock the world.

It would be well for the nation's peace of mind if a distinction were made between the Harry Truman who threatens to whip a music critic and the Harry Truman who sits at his desk handling great affairs of state. This would require no reappraisal of Mr. Truman's stature. Those who do not admire him could still feel that he is not big enough; but at the same time, they could breathe easier.

Seen close up, the President is a much less disturbing figure than he must appear to be at a distance. He is combative, yes. He also is impulsive, a man who, as the saying goes, often shoots from the hip. But it likewise is true that he is a conscientious public servant, whose overriding aim is peace in the world.

Occasionally, Mr. Truman talks about his job, and about his attitude toward it. Not much is published about these talks because they are not very exciting—they are not "news." Nevertheless, they are revealing of the man.

"I am Chief Executive of the greatest republic in the world," he told a dinner gathering recently. "I wish I could fill that job as it ought to be filled. . . .

"Sometimes I have to make terrible decisions. I try to make those decisions after prayerful consideration, and I always hope that those decisions, in the long run, will be the correct ones. If they are not, I am not ashamed to say that we will change the decision and see if we can't find the right answer. That is as important in a public official as it is to try and do the job correctly."

He went on to say that he was bound to make mistakes; that the man who didn't make them was the man who didn't do anything.

There is nothing impetuous about Mr. Truman when he is dealing with affairs of state. He insists, first, on having all the information available on the problem at hand. He is not content with opinions; he wants "the facts."

These are supplied to him by Cabinet officers or by the heads of the various agencies. However, the actual work of gathering the information and evaluating it is done most of the time by people the public never hears about.

Government, it should be remembered, is much more than big-name officials. In the background are thousands of career people, men and women who are expert in their fields, and who stay at their posts regardless of which political party is in control. The role they play in the formulation of policy is a considerable one.

Charles E. (Chip) Bohlen and George F. Kennan are representative of the best





# TRENDS



## OF NATION'S BUSINESS

of our career men. They joined the State Department back in the 1920's. The United States had not then established diplomatic relations with Soviet Russia, nor was there any indication that it ever would. Nevertheless, some foresighted individual thought it would be a good idea if the State Department began to build up a corps of Russian experts.

Bohlen and Kennan were sent to Berlin to study Russia, her language, history and geography. When recognition came in 1933 they were assigned to the American embassy in Moscow, and here they reinforced their knowledge of the country and of its diplomacy.

A decade passed, and the general public heard little or nothing of the two men. In 1941, at the time of Pearl Harbor, Bohlen was second secretary in our embassy in Tokyo. Kennan had a comparable job in our embassy in Berlin. Both were interned and held prisoner until arrangements were made to exchange them for Japanese and German diplomats who had been interned here.

Bohlen, back in Washington, was put in charge of the State Department's "Russian Desk." He accompanied President Roosevelt to Teheran, and acted as his interpreter in the talks with Stalin. He performed the same function later at Yalta. What he thought of the concessions that the ailing FDR made at Yalta is something he never talks about. He is now counselor of the State Department, but at that time he was an interpreter, not a policy-maker.

President Truman, when he took over at the White House on April 12, 1945, was under a severe handicap in the field of foreign policy. He had never been called in by Mr. Roosevelt and briefed on what had taken place at Teheran and Yalta. The new Chief Executive did about the only thing he could do—summoned Bohlen. After several conversations with the Russian expert, Mr. Truman is said to have exclaimed:

"Well, thank God, we've got someone like Chip Bohlen around here."

George Kennan, the other authority on Russia, is sometimes referred to in Washington as "Mr. X." In 1947 he wrote an article signed "X" for the magazine *Foreign Affairs*, and brilliantly outlined the Truman Doctrine or policy of containment, aimed at halting Russian imperialism.

The simplest explanation of what the United States seeks to do by that policy was given by

Gen. Dwight D. Eisenhower. The Soviet Union, Ike once said, had to be shown that aggressors could not pick up real estate—cheap.

Hitler got Austria and Czechoslovakia cheap, and concluded that the whole world was afraid of him. He invaded Poland, after being persuaded that neither Britain nor France would help that country. In that way came World War II.

All this was in Mr. Truman's mind when, after consultation with his foreign policy and military advisers, he gave the order to fight the Communist grab in Korea.

The President has never doubted for a moment that his decision was the right one. The Korean adventure has proved anything but cheap for the Communists, who have been losing 18 Chinese or North Koreans for every American. The United Nations has been saved, and the free world, heartened by the stand in Korea, is building up its strength in an effort to head off World War III.

Great wars usually start out as little wars. Mr. Truman hopes that Korea may reverse this and be the means of averting a great war.

A poll by Dr. Gallup indicates that a majority of Americans, having first applauded the decision to fight in Korea, now feel that it was a mistake. This may help to explain why Mr. Truman's stock is low at the moment.

The indications are, however, that Korea is only one of many factors. Others would be the Communists-in-government issue, the high cost of living, the disgruntlement of labor, and the piling up of grievances that is inevitable after 18 years of Democratic rule.

The President's plans for 1952 continue to be a riddle. He has talked to his associates about retiring; that is a certainty. He has told them he would like to take a long rest, and then perhaps run for the Senate or the House. He has done all this, but so far as is known he has never definitely slammed the door on another term in the White House.

The Republicans still have a wholesome respect for Mr. Truman's political sagacity. Lately, they have been disturbed by the talk that he might try and persuade General Ike to take the 1952 Democratic nomination. They tell themselves that the idea is ridiculous. Then they remember how Ike, in his book, quoted Mr. Truman as telling him at Potsdam in 1945: "General, there is nothing that you want that I won't try and help you to get. That definitely and specifically includes the Presidency in 1948."

The Republicans remember this and it troubles them. Some of them have taken it for granted that if Ike ever does run, it will be as the G.O.P. standard bearer. Ike, however, never has stated publicly what he is, Republican or Democrat.

—EDWARD T. FOLLIARD



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This total insurance in force represents money held for future delivery. When due, every dollar of that sum will be paid. But, as a responsible institution of thrift with more than six million people who look to us for economic security, we are concerned with the purchasing power of those dollars when they become due. For mounting inflation, man-made, threatens not

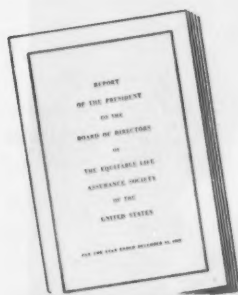
only the worth of the dollar but the very existence of our national enterprise.

Indeed this threat is as real and deadly as the Red menace against which we are arming. But the plain fact is that in the fight against inflation we, as a nation, are hiding under the bed! When we freeze wages or prices, we are merely doctoring the symptoms of the inflation-disease rather than the disease itself. If we are to stop the inflationary trend, the makers of our public policies must deal with the monetary causes of the inflation. They must control the expansion of bank deposits and the constantly increasing money supply.

Inflation is everybody's concern from the Wall Street banker to the Missouri housewife. In the fight against it, the American people—you and your neighbors—must learn to look beyond the local grocer's bill and the meat prices in the butcher shop . . . you must look to Washington, the seat of our Government, where the monetary policy is made. More than that . . . you must make your own voice heard among the law-makers. Congress should be interested in your views on inflation, and your Congressman is as close as your nearest mail-box or telegraph office. Simply stated—the action that you and your neighbors take can well decide the destiny of our country.

That's what we mean by "Operation People U.S.A."

*Thomas I. Parkinson* President



For a more detailed statement of The Society's operations during 1950 write for a copy of the President's Report to the Board of Directors.

## CONDENSED STATEMENT OF CONDITION

as of December 31, 1950

Resources	Per Cent	Obligations	Per Cent
<b>*Bonds and Stocks</b>		<b>Policyholders' Funds</b>	
U. S. Government obligations.....\$	726,482,517 (12.7)	To cover future payments under insurance and annuity contracts in force.....	\$4,648,335,206 (81.5)
Dominion of Canada obligations.....	299,419,790 (5.2)	Held on deposit for policyholders and beneficiaries.....	322,281,234 ( 5.7)
Public utility bonds.....	795,849,372 (14.0)	Dividends and annuities left on deposit with the Society at interest.....	130,044,178 ( 2.3)
Railroad obligations.....	521,420,938 ( 9.1)	Policy claims in process of payment.....	28,191,420 ( 0.5)
Industrial obligations.....	1,480,552,354 (29.5)	Premiums paid in advance by policyholders.....	85,105,097 ( 1.5)
Other bonds.....	151,531,351 ( 2.7)	Dividends due and unpaid to policyholders.....	6,703,102 ( 0.1)
Preferred and guaranteed stocks.....	90,455,667 ( 1.6)	Allotted as dividends for distribution during 1951.....	80,650,408 ( 1.4)
Common stocks.....	8,642,995 ( 0.2)	<b>Other Liabilities</b>	
<b>Mortgages and Real Estate</b>		Taxes—federal, state and other.....	17,891,000 ( 0.3)
Residential and business mortgages.....	788,666,769 (13.8)	Expenses accrued, unearned interest and other obligations.....	8,789,419 ( 0.2)
Farm mortgages.....	150,933,941 ( 2.6)	Reserve for revaluation of Canadian and other foreign currency accounts at free market rates of exchange.....	13,617,000 ( 0.2)
Home and branch office buildings.....	10,573,799 ( 0.2)	<b>Surplus Funds</b>	
Housing developments and other real estate purchased for investment.....	129,056,089 ( 2.3)	To cover all contingencies.....	359,256,902 ( 6.3)
Residential and business properties.....	6,997,068 ( 0.1)	<b>TOTAL</b> .....	<b>\$5,701,864,966 (100)</b>
<b>Other Assets</b>			
Cash.....	68,135,232 ( 1.2)		
Transportation equipment.....	38,497,145 ( 0.7)		
Loans to policyholders.....	142,478,440 ( 2.5)		
Premiums in process of collection.....	48,119,219 ( 0.8)		
Interest and rentals accrued and other assets.....	44,052,280 ( 0.8)		
<b>TOTAL</b> .....	<b>\$5,701,864,966 (100)</b>		

\* Including \$5,274,463 on deposit with public authorities.

In accordance with requirements of law all bonds subject to amortization are stated at their amortized value and all other bonds and stocks are valued at the market quotations on December 31, 1950, as prescribed by the National Association of Insurance Commissioners.

**The Equitable Life Assurance Society of The United States**

Thomas I. Parkinson • President

393 Seventh Avenue • New York 1, New York





# HOTFOOT FOR STALIN

By PAUL M. A. LINEBARGER

AN EXPERT on psychological warfare tells how Russia might be dealt a body blow at small cost to Americans. It means giving the Kremlin a dose of its own medicine



**H**OW MUCH do you think it costs Russia to scare the United States, including you and me? Has it ever occurred to you that the Politburo is waging a fantastically cheap war against us? They are—because it is not only the Red Army that is frightening us, but the Communist use of satellites and fifth columns throughout the world.

It's a thrifty business, this Red subversion. So thrifty in fact that it's possible the Communist movement in the United States, far from costing the Russian people or Government any money, actually has shown a net profit to the world Communist movement.

But this isn't the only way that Americans pick up the tab. Parrying these Russian attacks with such weapons as the Marshall Plan, ECA, Point Four and military aid runs into billions of dollars. It is rare for our expenditures in these categories to be less than \$1,000,000 per country aided per year.

Why is there such a tremendous disproportion?

Why can the Russians start sedition, subversion or armed insurrection for a few hundred thousand dollars and have us spend billions in warding it off?

The answer is simple: Revolution is cheap and war is expensive. Starting trouble costs very little

money. Meeting trouble or suppressing it costs a lot of money. As long as the Russians are attacking and we are defending, the disproportion will remain. Somebody could argue, "Why don't we spend the same kind of money on the same kind of thing?"

The catch is obvious. Subversion is an offensive weapon, not a defensive one. It operates against settled communities. We cannot counteract one fifth column with another. Therefore, except for limited cases, no matter how cheap and attractive the opportunity may seem, we cannot do much if we confine ourselves to our own or allied territory.

Subversion operates against the *status quo*, against life-as-usual. Therefore, if we are going to attack low-cost Communist subversion with low-cost subversion from our side, we've got to do it in their areas. This means attacking them by subversion, either within the USSR or in the satellite countries. Once we do this, we shift from high-cost orthodox warfare into low-cost subversive activities.

Why haven't we done this? Or are we doing it so secretly that the American people themselves don't know it?

Take the second question first. I don't think we are doing it, at

least not on an effective scale. Subversion is secret, but its consequences are not. If we had a fifth column inside Russia, the Soviet Union would be screaming much more loudly about American spies and counterrevolutionaries than it is now doing. Furthermore, we aren't likely to have a fifth column abroad unless it is supported by the people at home, not only financially, but morally. We couldn't have a secret war so successful that its results were secret.

Suppose we don't operate inside Russia now—why don't we? There are several reasons which can be epitomized like this:

1. Subversion is *unfriendly*.
2. It is not *nice*.
3. Americans don't believe in *interfering* with other people's lives.
4. We can't do it.
5. We should use the Army, Navy and Air Force instead.

Let's take these arguments one by one.

Perhaps it would have been too unfriendly of us to have planted a fifth column inside Russia a few years ago when she was getting her networks in shape within the United States and Canada. I don't see how anyone could support this argument now.

Again, some officials say that



revolutionary techniques are not nice. But subversive techniques at least avoid mass battles. The cost of subversion in nerves is great. Measured in number of lives lost, it is not so bad.

The idea of noninterference is also obsolete. Interference is already occurring. Washington and Moscow are acting as poles of power and there is not much neutrality left anywhere on earth.

Another objection is based on the assumption that Americans can't do the job. This line is silly. Plenty of Americans already have learned the job.

For example, Col. Ray Peers was in command of the hush-hush O.S.S. Detachment 101 which operated with Lt. Gen. Joseph Stilwell's very loose permission in Burma. He started with only 20 Americans and at war's end had accounted for 5,447 Japanese. The secret of his success lay in rallying the wild jungle peoples of North

There was the case of the imaginary "Commander Norden" of the United States Navy who performed the amazing radio feat of talking German U-boats up from the depths of the Atlantic to surface and surrender when their craft became damaged, rather than fight to the end as the Nazi Government had expected them to. This was one of the "special operations" undertaken by the American Navy's secret outfit headed by Rear Adm. Ellis Zacharias.

Zacharias used a brain trust of two brilliant Hungarians, Stefan Possony and Ladislav Farago. But in both the cases cited above the commanding officers were Americans—Zacharias an Annapolis graduate and Peers a regular Army man.

We don't even have to use regular military personnel. Preston Schoyer was one of the most dangerous men in Japanese-held eastern China during World War II.

punish—operated entirely as a civilian. This man somehow or other accumulated 20,000 armed local boys under his personal command in China and was busy fighting both the Axis and the Communists, even then active in the area.

There's no end to the stories that can be told about adventurous Americans. Under the name Carmichael Smith I published a spy story called "Atomsk" about a nervy American, who looked like a Japanese, getting in and out of a Russian atomic plant two years ago. Soon after the book was published I talked to an American officer whose real-life exploits had topped the wildest adventures of my imaginary hero. When I told him what my spy novel had been about he said:

"You couldn't get anybody to believe that! It's too wild. . . ."

All this officer had done was to ride around on trains in enemy territory, stealing documents by the process of walking into enemy headquarters, picking them up, putting them in a briefcase, and walking out. His work was technically espionage, but the knowledge that he existed, conveyed to the enemy mind, was a form of psychological warfare.

Americans can do the job. We have Americans of every size, color, language, and skill—Japanese-Americans, Russian-Americans, Ukrainian-Americans, Hindu-Americans. There isn't any kind of American we haven't got.

So why insist that we fight with armed forces only? Revolutionary techniques can fill in a tremendous gap between our global commitments, for one part, and our military, logistic, and financial capacity to put actual armed forces around the Soviet Union, for another part. Half a billion dollars is very little money in orthodox military terms.

Russia's downfall could be gotten ready by the use of three instruments. 1, Political warfare, 2, "white" psychological warfare and, 3, "black" psychological warfare.

Political warfare consists of the use of politics to supplement the winning of war or to achieve purposes comparable to those usually accomplished by war.

White psychological warfare is the term for propaganda carried on in the open.

Black psychological warfare is the trade name for secret propaganda, waged either by disguised agents or by other clandestine means.

What could we accomplish with \$500,000,000 spent on black opera-



#### Americans of foreign extraction could mingle undetected

Burma, giving them arms and elementary indoctrination. The Kachin tribesmen learned so well that they not only shot up a whole Japanese division during the war, but still are intermittently shooting up the present government of Burma.

Dr. Gordon Seagrave was convicted recently of treason by the Burmese Central Government for having given medical aid to Kachin rebels, who were first brought into being as a military force by the few dozen O.S.S. agents sent in to raise a disturbance behind the Japanese lines.

With the help of Chinese unfriendly to the Japs, he circled around and around the outskirts of occupied Shanghai, tying up hundreds of Japanese in the search for him and creating the illusion of secret American forces deep within enemy territory.

Schoyer was a member of our air rescue service and his job consisted of trying to get American pilots out from behind Japanese lines. In peacetime, he is an instructor in English literature and a novelist.

Another American—whom I cannot name because he has friends whom Communists might





### Black psychological warfare, combined with political warfare would foment revolt

tions directed against Russia and her satellites?

Let's guess at the budget. Three armed rebellions at \$50,000,000 each; another good-sized underground just short of rebellion for \$50,000,000. Forty major political conspiracies at \$2,500,000. Twenty thousand rumor-mongers, saboteurs, assassins, racketeers, and other revolutionists at an overhead cost of \$20,000 per man. These are guesses, but they are pretty good guesses. Would \$500,000,000 be worth while?

No! It would be a complete waste if money alone is spent. We can't buy enthusiasm. We can't buy hope. We can't buy martyrdom or heroism. We can get these intangibles only by offering the offensive spirit ourselves, only by being willing to look beyond the downfall of the Communist regimes to a good world for the whole human race. The moral effect, the nervous and emotional wear and tear of deciding to support our own fifth columns against Russia would be substantial.

For \$500,000,000 plus enthusiasm, on the other hand, we could launch a massive and terrifying campaign of political, white and black psychological warfare and some economic warfare against Moscow.

Even if we did not stop Russian aggression for the time being, we could cause it to falter. By taking

the offensive we could make the USSR and its satellites spend big money in meeting our small money. Increased police measures, lower economic production, higher defense budgets, greater security expenditure, wider and more wasteful deployment of troops and police—these would be some of the initial results of Americans giving a hot-foot to the Politburo.

Political warfare could support anti-Soviet governments-in-exile for all the Iron Curtain countries. Take one example.

The world needs a democratic Russian Government very badly. Obviously such a government cannot be set up in Russia in the face of millions of informers, spies, militarized and special police, but an anti-Stalin government could easily be set up outside of Russia. Even if Russia's seat in the United Nations were not given to the new government, it could at least send its own delegation to protest in proper form every time Stalin's delegate opened his mouth. The Russians themselves have a case against Stalin, and if they know that others outside of Russia are encouraged to work for their liberation, we may get a real reaction.

We even have our choice of leaders for such a democratic Russian Government. In the United States we have the last legitimate president of Russia, Aleksandr Kerenski. He represents

the first wave of refugees who left after World War I. Then there is Constantine Boldyreff, another leader who left after World War II. There are hundreds of others.

Often governments-in-exile can exist on the basis of recognition by only a few governments. The Royal Hungarian Government is, for example, still recognized by Franco Spain. The Spanish Republican Government is still recognized by Mexico. Recognition helps the governments-in-exile to keep going. Such exile governments send their own spies back to home territory to obtain information, sabotage military preparations, rescue political prisoners or captive workers, and provide a safe haven for defectors.

Along with prodemocratic governments, we could help set up friendly armies from the Iron Curtain countries. We would challenge the Reds with the presence of a liberation force which might be turned against them and set up a way to support those who escape from Communist dictatorships.

What can we do with Polish majors, Russian lieutenant colonels, Bulgarian captains who come over to our side? What can we do with members of the Red secret police who are fed up with the totalitarian way of life? Such men would find our democratic, free enterprise society bewildering. If

(Continued on page 66)





U. S. ARMY PHOTOGRAPH

**Full field inspection can be like a girl's first cake — a fearful ordeal**

**T**HE HARRIED members of Congress never have faced harder problems. Seeing the shadow of war, they have called for a vastly expanded armed service; have voted to harness our bucking economy with price and wage controls; agreed to higher and higher taxes to support our common defense. But for all these disturbing decisions, the Congress must still face its most unpleasant problem: should women be drafted?

No question in our burgeoning mobilization has caused more ducking and dodging. From the Pentagon to Capitol Hill, from the White House to the Office of Defense Mobilization, officials assume an ostrich posture and mumble: "No comment."

Said a midwest congressman who preferred not to be identified: "I'm terrified at the thought of it." Declared a Pentagon spokesman: "I'd rather not discuss this matter." "You may say we are considering a greater utilization of women," observed one mobilization official. "But don't quote me!"

If the women themselves are being protected by such reticence, they don't appreciate it. Their leaders in Congress, in business and professional women's clubs are calling for the immediate registration of women and a

# Should

straightforward plan on how they might be used. Confirmed realists, they know if war comes women will be needed in industry, in civil defense and in the armed forces. They know that a World War III would summon the total human resources of the nation—and women today are 52 per cent of our population. The women are no more eager than men to be drafted, but they know if war comes, they will be called. They want to see a sensible, workable plan now to avoid wild confusion later.

As a result, the women are already up in arms. Rep. Frances P. Bolton of Ohio charges that benighted male gallantry is primarily at fault.

"I have heard chivalrous members of the male sex—including some of my esteemed congressional colleagues—express unalterable opposition to any measure which would require their daughters, their sisters, or just women in general, to serve in the armed forces," she wrote recently. "I am afraid that such gallantry is sadly out of date, and as a woman I find it rather stupid."

Under such pressure, the Department of Defense last year agreed to a Conference of Civilian Women Leaders and got an earful. The Pentagon's top brass



U. S. ARMY PHOTOGRAPH

**Recruits listen as the sergeant "sounds off"**



# We Draft Our Women?

By MILTON and MILDRED LEHMAN

**NO question in years has caused so much ducking and dodging on the part of the males. Yet those most involved see themselves in the fight**

was brought out in force to address the women. They paid high tribute to those who served with the armed forces in World War II and declared that women would be invaluable human resources in any future emergency. The women listened but they were not happy.

Miss Sara E. Southall, former executive of the International Harvester Company, declared men were still hog-tied by old traditions.

"In the event of emergency," she declared, "we are not going to be able to carry on the chauvinistic attitude we always have had about the protection of women and children. It is not going to be possible in total war. I think women are just as brave as

men are, and I would hate not to assume that with proper training and the proper women in the proper jobs, they could not work in a dangerous situation as well as men can."

Dr. Dorothy Stratton, formerly of the International Monetary Fund, now executive director of the Girl Scouts, spoke out sharply for the full mobilization of womanpower.

"It is unthinkable," she said at the time, "that in the event of another emergency, we should not register women." Then Dr. Stratton took out after Earl D. Johnson, Assistant Secretary of the Army. Johnson, unfortunately, had referred to women as "substitutes." "If we think of half our human resources as substitutes," Dr. Stratton snapped back, "we can never really begin to plan for total war." Johnson also had suggested that women cause certain disciplinary problems. "I do not think you can make that statement," Dr. Stratton protested, "without investigating what the record of the last war shows."

The Defense Department has called no similar conferences, but the women still are demanding the score. Mrs. Thomas J. Ford, another Girl Scouts



U. S. NAVY PHOTOGRAPH

The Waves have proved themselves adept at handling traffic at naval air stations



official, asks Maj. Gen. Lewis B. Hershey, Selective Service director, to be specific about how women would be drafted. Col. Mary A. Hallaren, director of the Women's Army Corps, replies to the male legion which still prefers its women at the hearthside by saying: "When the house is on fire, you shouldn't say that women's place is in the home."

Sen. Margaret Chase Smith of Maine and Judge Sarah T. Hughes, president of the National Federation of Business and Professional Women's Clubs, Inc., also advocates registration of women for civil and military service, Judge Hughes saying: "If war comes women should be drafted. . . . They have the rights and privileges of government, they should take the responsibilities, too." Mrs. Hiram C. Houghton, president of the General Federation of Women's Clubs, leader of the clearinghouse of 33 women's organizations and chief of organized women, told us recently:

"The Federation hasn't drawn up any resolutions yet. We are still waiting for the officials to tell us what they want. But personally, I think it will be necessary to register all women and not wait for the outbreak of total war to do it. I think we women would favor that. After all, every woman is eager to do her part—she simply wants to know where she is most needed."

With the women thus formed in patriotic ranks, why, then, the tumult? If we are threatened with World War III, obviously we shall need all the

women would create in our social system and would avoid it until the last possible moment.

A draft of women, of course, would cause many problems, but the women feel that it's time to examine those problems now. The last time a congressional hearing was given the women was in 1948. Most of the questions raised were administrative matters and easily answered.

Rep. Carl Vinson, chairman of the House Armed Services Committee, wanted to know about pregnancy in the WACs and whether such women, subject to immediate discharge, would get retirement benefits. Colonel Hallaren declared that such WACs were discharged administratively, received no benefits.

She also noted that only seven per cent of the 140,000 WACs who served in World War II were discharged for pregnancy—a lower score than for a comparable group in ordinary civilian life.

Sen. Leverett Saltonstall of Massachusetts had two questions: First, he wondered if women weren't much more expensive than men to maintain in the service. His inquiry brought a stirring defense from Vice Adm. Thomas L. Sprague, then chief of naval personnel. The admiral declared that his WAVES were not more expensive than ordinary seamen—they cost \$5 more a year to clothe, but they ate ten per cent less food than male sailors.

"Because women make a home of any place in which they live," the admiral went on, "certain so-called refinements are added, such as lounges in which to entertain guests, more complete laundry facilities, doors on the toilets, a limited number of enclosed showers. However, since women are not by nature destructive, the cost for wear and tear on their barracks is considerably less than on barracks occupied by men."

Senator Saltonstall then inquired whether mature women, valuable to the women's services, didn't become physically and emotionally below par during menopause and require retirement. Admiral Sprague called on the Navy's Surgeon General to testify that menopause didn't cause incapacity, that its symptoms could be treated readily and that it was never a problem with Navy nurses.

Another question that troubled the legislators was whether women should be exposed to danger. By

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U. S. MARINE CORPS PHOTO

**Women Marines have taken over jeeps, station wagons and other vehicles to release the men**

womanpower as well as the manpower we have. In the past war, we fought against nations which had somewhat the same attitude we have toward protecting women and the home. But Russia, even in peacetime, considers its women as rank-and-file, ready for any deployment.

As our women leaders see it, the chief cause of our confusion is the men themselves. While the opposition to a women's draft has not yet come into the open, they feel it would stem largely from four groups: first, the church which traditionally has opposed any program that threatens the home unit; second, labor unions which fear "Rosie the Riveter" as a peacetime competitor; third, men who still believe in ancient standards of chivalry and would "protect" women at all costs; and, fourth, the cautious realists who fear the problems a draft of



AIR FORCE PHOTO

**Air Force women test radio equipment, among other duties, at fields throughout the country**





Enrollment was more than anyone had dared hope for—some 16,000 people signed up

# Do Sales Walk Out on You?

By KEITH MONROE

**SELLING, a lost art in many a community, was revived on California Main Streets when the Bank of America and the Golden State showed the way**

**E**VERYONE at the lunch table was startled—both the bankers and the men from the California State Department of Education. Even the Bank of America man who had spoken seemed taken aback by the enormity of his own suggestion.

He had said: "The Bank of America has a statewide sales organization. Why not use it to persuade small business men to go to school?"

After a moment of silence, everyone began talking at once.

It was a thorny idea, obviously. Teamwork between a private corporation and public business education? Might be called socialistic. Other banks might complain. Besides, how could the Bank of America gain anything from such a quixotic campaign?

Still, each year hundreds of small businesses in California went

broke because they didn't know how to sell their wares. If owners and their employes could be persuaded to take free lessons in salesmanship, an improvement in small business prosperity might brighten the economic picture.

The half-dozen men around the lunch table had met for no particular purpose. They were personal friends, lunching together socially, and the conversation had drifted to the lack of business savvy among small retailers. "Selling is a lost art on every Main Street," somebody had said. "It was forgotten during the war years."

"Big companies forgot, too," another remarked, "but they have their own sales training programs now. Too bad somebody can't give similar training to Main Street merchants."

"No use. It's been tried. They

won't go. There never yet was a business education class attended by one tenth of the people who needed it."

It was then that the banker suggested using big business sales weapons to persuade small business men to take a course. His idea eventually bore seed. After weeks of talking and checking, the State of California and the Bank of America teamed up to do the job.

First they sold local chambers of commerce on the plan. The State's Bureau of Business Education arranged institutes to train instructors. Training literature written by the state was printed by the bank. Dates for the course were set in each town. Then the bank turned on the machinery it would have used in a drive for accounts or loans.

It enclosed leaflets in its monthly bank statements to business accounts. It circularized its prospect lists. It set up displays on counters. It sent publicity to newspapers. Bank officers buttonholed merchants.

"Come and learn how to get your share of today's business!" the campaign folders sang. "Learn how



to make people feel satisfied and anxious to come back."

Townpeople took notice. This sounded different from an ordinary night school class. It was short, only three sessions. It didn't tie up evenings for a whole semester. Another thing: hardheaded bankers were saying this was valuable money-making information. They'd never before gone to bat for such an education project. This one must be worth while.

Chambers of commerce pitched in to promote attendance. Leaflets blanketed the towns—beside every plate at service clubs, on counters of chamber offices, in mailboxes on business streets. Local radio stations and newspapers arranged interviews and features. Some other banks ignored rivalry and joined the drive. Sometimes the Bank of America blew the trumpets in one half of a town while a competitor did the same in the other half. The day before any course started, a telephone committee contacted every merchant in town.

The dragnets hauled in classes of a size the Bureau of Business Education hadn't dared hope for. Modesto claimed the record, with 490 people enrolled, rallying from 26 surrounding towns in nine counties. Schools bulged with comparable crowds in many other communities. The sales training classes had to move out of schoolrooms into ballrooms.

Teachers tore into their task

with gusto. Before this campaign was over, they were to teach more pupils than the combined student bodies of Harvard and Princeton—in all, 16,000 people. They were determined to make the lessons pay off.

Oceanside was one of the first towns where the course was given. Results were watched anxiously from Department of Education headquarters in Sacramento, and from Bank of America offices.

"Say, have you noticed that our customers seem a lot more courteous today?" the cashier of a good-sized store remarked to her boss the day after the course ended.

The manager chuckled. "Sort of a miracle, isn't it? I notice they're buying more, too."

He didn't remind her that the previous evening's lesson had hammered home the point: Be Pleasant. Everyone in his store had attended. They didn't seem to realize, now, that their "more courteous" customers were a reflection of their own change in manners.

Soon afterward, Oceanside staged its semiannual Dollar Day. The results caused the chamber of commerce president to write a letter calling for a repetition of the course. "Merchants who did not participate have indicated their intention of taking subsequent courses," he wrote. "Stores represented at the sales training course reported far greater sales gains than others. They had the most

remarkable success in the history of our Dollar Days." Merchants were baking a cake for their instructor.

News trickled in from the 129 other towns where the course was given. In a few communities the project flopped because of poor teachers or poor promotion. In many towns the lessons seemed to cause extraordinary happiness.

South Pasadena employers gave a banquet to employees who had attended. Pomona retailers sent 350 employees on company time. Vallejo store people got up an hour early to take the course before shops opened. An instructor in Dimond was drafted to repeat a lesson before the Lions Club. In Pasadena the whole course was repeated eight times. Because they had missed the class in Sacramento, some Sacramentans drove a 220-miles round trip to Modesto to attend there.

"Our cash register rang \$190 extra in one month on one item alone," wrote a stationery store owner in Healdsburg. "The item was portable typewriters. We've had them in stock for nine months without a sale. After the sales training program, we studied the selling points of these portables, and started selling. Today we have only one portable left to practice on."

Know Your Merchandise was a lesson dramatized by training films and preached by instructors. "Suddenly, my employees are reading trade magazines," an Inglewood variety store owner said. "Suddenly, they're asking wholesale salesmen a lot of questions. They want to know all about the merchandise we stock. I never thought a teacher could get salespeople so steamed up."

Salespeople were steamed up because they saw a way to get ahead. Five girls in one store in Vallejo upped their sales enough in a single week to earn bonuses; one had been on the verge of losing her job for ineffective sales work. In another large store a shoe salesman, Reuben Clark, was made a department head because of his increased sales. A Sears, Roebuck clerk, Lelan Mason, exulted, "I'd never made a \$100 sale. Right after the course I made three sales for more than \$100 each. We get commissions—so you can imagine how I feel about this course."

More startling results cropped up occasionally. Clifton Green, manager of an Oroville shoe store, was assigned to deliver a sales talk to the class. He was so eloquent

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In one community meetings started at 7:30 a.m. However, students reported even earlier for coffee and doughnuts





# So Freedom Builds

By HENRY LA COSSITT

ALEXIS DE TOCQUEVILLE, a very observant Frenchman, visited the United States back in 1831 and liked it so much he stayed for a couple of years. Then he went home to France and wrote a book he called "Democracy in America" that has become something of a classic.

In it M. de Tocqueville observed that the more a nation is democratic, enlightened and free, the greater will be the number of persons interested in science and its application to productive industry. He then declared that in the United States the will of the customer ruled production and that the customers were the masses of the people. The idea, he explained, was to sell goods at a low price to everybody. This, it was pointed out, resulted in methods being devised for doing better work more quickly and cheaply and for making goods not to satisfy the whimsical tastes of

**AMERICA'S strength lies in her ability to produce. Now labor and enterprise face the greatest test ever to confront them**

the rich, but to supply the demands of ordinary people.

Although it had a century or so to grow before coming to flower, the French sage had described—perhaps envisaged is a better word—our system of free labor and free enterprise.

The majority of Americans believe this system to be the best in existence, despite its acknowledged inequities and injustices. They believe it bestows the greatest good on the greatest number and that it is evolving and changing itself to

correct and eliminate its flaws. It is now challenged by the exponents of another system, in which neither labor, enterprise, nor, of course, the individual who creates both, is free, all of them being subservient to the dictatorship of an omnipotent state.

Because of this challenge and the fact that we must meet it, it is important to take a good look at the system we must defend, to see if it has served the masses of the people—that is, the workers of the nation—as M. de Tocqueville said it would.

The past 50 years are the best yardstick to use. During this time occurred the greatest scientific and industrial development of all time. The first half of the twentieth century saw the rise of the automobile industry with its 800,000 workers; the telephone industry with more than 600,000; the oil, the electric, the radio and television, the motion picture, the aviation and





many other industries. It saw farming change from the pioneering concept of self-sufficiency to an interdependent occupation that is, actually, an industry in itself. It saw management become a professional occupation more than a personal one, and, in a sense, witnessed this happen to labor, too.

New and fantastic labor-saving machines were invented and built that created whole new industries in themselves. It was the half century of urbanization and technical progress. It was 50 years of tremendous change, with two world wars and a paralyzing depression accelerating the change and testing to the limit the system M. de Tocqueville admired.

Did it, then, meet the test?

In 1948, the latest year for which figures are available, the United States, with six per cent of the world's population, produced 43 per cent of the world's income. American working men are producing 40 per cent of the world's available energy, as expressed in electric power, and, per capita, Americans are using five times the world average.

The productivity of the system—on which its success depends—increased as the new and better machines appeared, creating new and different activity and wealth. During most of the 50 years, American industrial productivity actually rose an average of a little more than three per cent per year, so that John Workerman in 1951 is producing almost five times what his grandfather did in 1901.

Now, since it is still a good ques-

tion to ask just what all this means to John Workerman himself, what stake he and his family have in the system, let's take a look at that.

Workerman's grandfather, if he worked in industry, earned an average of 22 cents an hour in 1901, or about \$13 a week; the grandson is averaging around \$1.42 an hour and his weekly wage runs about \$56. (Incidentally, Workerman is enjoying the produce of his industrial labor, as M. de Tocqueville foresaw that he would. Four out of every five American families have automobiles.)

This dollar-for-dollar comparison is, of course, no answer and it is not intended to be; it is given only to make the report complete. Real earnings, however, are a different matter. The average income of a family member in 1901, measured in 1948 dollars, was \$520; in the year 1948 the average family member had an income of \$1,085. This means that the grandchild, despite the high cost of living, actually had 109 per cent more real purchasing power than his grandparent. As for John Workerman himself, his real wage in 1948 dollars averaged \$2,815, or 108 per cent more than his grandfather's \$1,351, computed in the same values.

Moreover, Workerman today has the benefit of what some economists call "social" income; that is, group insurance, social security, workmen's compensation, foundations, associations of various kinds, educational facilities and so on. Workerman, of course, helps to pay the cost of these, but most of it is borne by joint endeavor and the

**1900** At the turn of the century John Workerman got \$13 per week, his wife had few conveniences and their son had to earn his keep at an early age





total would be beyond his ability to pay. Therefore, his real income is augmented by "social" income, or what were known not long ago as fringe benefits.

According to United States Chamber of Commerce surveys, these nonwage payments average a substantial 16 per cent of the industrial wage cost. In dollars-and-cents terms, this means that Workerman actually received the equivalent of an additional 23.7 cents for each hour he worked, or \$477 more for the whole year.

In addition to this, and unlike his grandfather, he benefits from federal grants-in-aid made for various welfare purposes such as public health, vocational rehabilitation, maternal and child health services.

But not only are Workerman's real wages and purchasing power more than double those of his grandfather; not only is he receiving "social" income that his grandfather did not receive—he has more time to enjoy the privileges and advantages these give him. Workerman's usual work week is 40 hours, whereas that of his grandfather was 60 hours. Some of his grandfather's contemporaries, in fact, worked as many as 84 hours a week, while if Workerman puts in 48 it's about the limit. And of course he's paid either time and a half or double time for the extra eight hours. Even on the farm, Workerman's country cousin doesn't toil as long as his grandfather did and on some mechanized farms there actually are two shifts a day.

It is well that Workerman has

this time in which to enjoy his wages, because what he needs to spend for bedrock necessities in 1951 is a great deal less proportionately than what his grandfather had to spend for the same things. To care for his family, grandfather had to lay out a whopping 47 per cent of his income for food and beverages; 21 per cent for housing, fuel and light, and 15 per cent for clothing. This left him only 17 per cent for all other activities.

His grandson does better. If the Workermans lived last year in Detroit, where things were higher than in most other places, they spent 34 per cent of their income for food and beverages; 18 per cent for housing, fuel, light and mechanical refrigeration and 12 per cent for clothing, leaving a neat 36 per cent of their funds for other things. If they lived in Houston, they had 41 per cent—just a little less than grandfather had to pay for food and drink alone—left over, as was the case if they lived in Denver. Thus even with higher taxes the Workermans are much better off than their grandparents were.

The Workermans also eat better and are healthier than were the old folks. The family diet is better balanced now than it was 50 years ago. True, it has declined in three nutrients; but it has increased greatly in eight, thus bettering the over-all balance. This better balance reflects a rise in the consumption of dairy products, eggs, sugar and fruits, as well as vegetables, other than potatoes. There was, in fact, a large reduction in the use of potatoes, while the con-

sumption of citrus fruit—something Grandfather Workerman found hard to afford, if, indeed, it was available—and tomatoes, for example, has doubled.

Diet, of course, is the principal basis of good health, everything else being equal, but there are other health advantages that Workerman and his family have over their elders of 50 years ago. Public health and improved sanitation have reduced the incidence of disease.

Science, as M. de Tocqueville un-  
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**1950** John Workerman today takes an interest in civic matters, enjoys with his family luxuries beyond the wildest dreams of his grandparents





# WASHINGTON: I LIKE

By DAVID L. COHN

**I** LIKE Washington. The national capital of a hard-headed, practical people, it is our escape into fantasy: a revelation of our poetic soul-side; a refutation of the widely circulated canard that we are but a dull, money-grubbing people. Unalloyed practicality must lead, as any wise people knows, to a coarsening of the spirit, and Washington is the national expression of our determination to avoid such a spiritual debacle.

It would take a dozen Gilberts and Sullivans adequately to hymn in music and verse this city where government Greek buildings march across the landscape in a manner reminiscent of the elephants of an Indian maharaja's procession; while almost any official you meet in the Mayflower men's bar is likely to be a Donegal leprechaun in disguise, the furze of his native heath still upon him.

Yet since these things are little understood by newspapermen and radio commentators — figures in whom, alas, the sense of wonder long ago died — Washington is the most misunderstood city of the country.

One sees this clearly in the capital's lovely springtime. It is then that passion-spent buck shad swim slowly up the Potomac past Mount Vernon, finally to grace an ambassador's table. The Smithsonian Institution, drowsily yawning, begins to think of putting away in moth balls the uniforms of French Zouaves that have been on exhibition all season. The Treasury, dreamily checking up on its groceries, prepares to send the first supply ship of the year to Point Barrow, Alaska. The Supreme Court listens to the impassioned arguments of lawyers, but still has ear for the rustlings of breezes through the blossoms of the Japanese cherry trees along the Tidal Basin; and some congressmen, who winter-long struggled with problems of state, now woo their

**SOMEBODY** is always rapping the nation's capital, but year after year it marches on, the city supreme

pagan souls with bourbon highballs and moonlight in the jasmine-scented gardens of the hostesses in old Georgetown.

It is at this point, as charts kept since 1805 reveal, that Washington slows almost to a walk. (It was at this season, too, long before our democratic nation became corrupted by effete plumbing, that John Quincy Adams, President of the United States, taking a bath towel, cake of soap and an aide to keep watch, went off to the Potomac for his daily scrubbing.) The capital, in the opiate springtime, lies suspended between sleeping and waking. One thing only stirs with tireless energy. Taxation continues to take its bite as, with greyhound fleetness and futility, it chases the ever elusive rabbit of the budget.

And it is then that newspapers growl of listless bureaucrats dozing in their cocoons of red tape from which the bright butterfly of accomplishment never emerges; of a do-nothing Congress; of the likelihood that with such a government, the country will go to the dogs. These cries of outrage, bewildering to the foreigner who does not understand us, are a staple of our national life. They are evidence indeed that all is well; proof of our sound national health; a note proclaiming the unbroken continuity of our progress. For contemporary journalism reveals that the country has been going to the dogs,





# THE PLACE

regardless of the party in power, ever since a young Ben Franklin wrote jingles for the *Hartford Courant*. (So, collaterally, has the younger generation; and for a sound reason. "The old," wrote La Rochefoucauld, "complain of the conduct of the young when they themselves can no longer set a bad example.")

But even as we deplore them, we know it is wonderful indeed to have the younger generation, for it is in the springtime that Washington becomes most poignantly aware of America's bright, promising youth. They come from all the corners of the land, from De Queen, Ark., from Natchitoches, La., from Bountiful, Utah, from Hoosick Falls, N. Y. The buses that have brought them bear the names of little transportation companies or of school districts and as they line up near the smaller hotels in the early morning they are quite like the patient horses that wait for some of those very kids outside the schools at home.

These 4-H boys and girls are the most vibrant of the visitors, strong and clear skinned, excited about it all. They follow the guides in the Capitol, from the point in Statuary Hall where you can eavesdrop on a whisperer 40 feet away, to the narrow stairway where you may still see the stains the British fires left, 136 years ago. They press through the corridors and many of them do not know that the gentleman who stands aside to let them pass is named Senator Taft of Ohio and could well become their President; or the one who is bumped by a high school senior is named Tom Connally, the Texas senator who has grown old and wise and wary watching things as they happen across the oceans.

Washington welcomes these youngsters and it cherishes them. It welcomes others, too, with a look not quite so indulgent, but still fond. There are the delegates to the conventions, ranging from the dowager ladies of the D. A. R. through the Legionnaires





trying to remember how young they were when it was not necessary to call it World War I, to the petitioners and the business men and the serious scientists here to learn from their colleagues.

And more. There are the unorganized adult gapers, the ones who want the capital to be a place of high portent, of glamour if you will, on this their vacation time. They dawdle on Pennsylvania Avenue, looking at the sidewalk where the assassination was attempted, hoping that Mr. Truman will bustle out of Blair House with his bristle of guards and get into that armored limousine they have read about. They go into the dining room of the Carlton, if they are knowing, because John L. Lewis is to be seen there almost every noontime; and if they are very knowing they go downstairs to the grill, to see his little brother. Danny bosses District 51, which would like to have every worker for a member provided he is not already signed up in big brother John's United Mine Workers.

To all of the visitors, celebrities can be a dime a dozen. All you need to see the great, the near great and the merely publicized is patience. You can take your stand on Massachusetts Avenue or Sixteenth Street and in due course ambassadors will appear, or Dean Acheson, or some other government great.

And then there's always John Q. Washingtonian himself, a paradox among citizens. In this place of startling vagaries, the Washington native is perhaps the most paradoxical of Americans. For here in a city devoted almost solely to the business of government, there are those who always have believed that the less government the more business. In the District of Columbia, focal point of our democracy, whose health we are constantly assured depends on the largest number of votes by the largest number of people, Washington citizens are voteless. Congress, subject though it is to a high turnover of labor, believes that in the management of their home town Papa knows best. The result is that District citizens on their sales-tax reservation rank with, but after, Navajo Indians on their reservation, the former voteless and the latter voting. Herbert Hoover once lived in Washington as President of the United States, but if he should now take up residence in the District he could have no more say about its affairs, through the ballot, than a rhesus monkey in Doc Mann's fine local zoo.

In another field, Washington is the governmental center of a country whose people's home town con-

cern with protocol is that husband should not be seated next to wife at a dinner party. Yet there it is an offense, approaching *lèse majesté*, to seat an official from Sleepy Eye, Minn., below the salt when his rank entitles him to be seated above the salt. Nor does it matter that back in Sleepy Eye, when Mama entertains for Bible Circle No. 2, he helps her fix the potato salad and lends a hand with the dishes afterward.

Protocol-torn Democrats, uncertain as they are, enlist the services of several Washington dowagers and the Chief of Protocol of the State Department, to tell them how to tread surely when they break out the roast beef at the same time for, say, the chief of the Bureau of Engraving and Printing and an Ecuadorean rear admiral. Sometimes, however, the situation is fraught with such potential terrors that the fearful official—even if he is a "man who" when introduced on public platforms back home—dodges it by doing nothing. Thus no one, terrified lest the salt turn to serpents, invites to the same table the Chief Justice of the Supreme Court and a foreign ambassador; a novel problem of which the once shirtsleeve host was unaware when, at great personal sacrifice, he came to Washington to serve his country.

Our elected representatives in the nation's capital are themselves evidence of the strong streak of whimsey in the American people. Cynical and disillusioned writers long have commented bitterly on the gap between the platform promises of politicians and their performance in office; the conclusion being, contrary to Lincoln's dictum, that you can fool all of the people all of the time. Nothing could be wider of the mark. It is perfectly clear that the people are not fooled at all.

When a farmer stops hoeing his tomatoes to go into town to hear a candidate for office tell how he will raise prices, lower wages, reduce taxes, shorten the hours of work, and foil the dastardly foreign foe, he may vote for the man without in the least believing that he will do what he promises to do. He has heard his story, on other lips, before. He has voted for its teller before, the while prices went down, wages increased, taxes went up, the hours of work lengthened, and the dastardly foreign foe continued on his evil ways. It is a good story, with its intimations of heaven on earth, and pleasant to the ear beguiled. But the farmer is by no means

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# Risks Europeans Won't Take

By BLAIR BOLLES



KEYSTONE PICTURES, INC.

## OUTMODED plants and ideas throttle the Old World's bid for recovery and defense against Soviet Communism

AS EUROPE flounders with the problem of rearmament for defense against the prowling menace of Soviet Communism, more and more people are asking, "Is Europe willing to fight?"

It is, in many respects, the wrong question.

War today means a contest between factories, with military success depending on rapid replacement of tanks, guns and planes. The highly productive country that invests capital in machinery and plant to provide itself with standard assembly line production may so intimidate its foes that it does not have to fight at all.

So, a nation's willingness to fight may well be secondary to its willingness to produce and to the question, "Is Europe willing to produce?" the answer is definitely no.

Evangelists for the Marshall Plan have taught us to think the postwar troubles of Europe are traceable wholly to World War II

and to the war of 1914-18 which provided the warmup for the recent trouble.

The fact, Europe's problem was born before either of those wars. Actually, for half a century, Europe has feared real industrial expansion.

The governments of Europe's welfare states refuse to take investment risks that might upset their rigid academic programs for controlling their nation's spending. The individual capitalist in Europe is frozen by economic fears of his own. The individual struggles along with obsolete machinery and outworn plants rather than invest money in modernization he cannot be sure will pay off in increased sales.

With a population of 150,000,000, the United States has spent more than \$90,000,000,000 on new plants and equipment since World War II. Non-Soviet Europe, population 270,000,000, with the ravages of war

and occupation to recover from, has invested about \$20,000,000,000.

In the early days of the Roosevelt Administration visitors to Washington used to hear that the United States had achieved a "mature" economy and as a result the Government had to provide for any further expansion. America has discarded that notion, but Europe still keeps it.

Europeans take the discouraged attitude that their markets are saturated and that intensive capital investment for high production only invites catastrophe in business. They still remember the fate of André Citroën, the Paris automobile manufacturer, who tried to transplant American factory and production practices to France and went bankrupt for his pains.

American programs for helping Europe had not changed this attitude by the time the outbreak of the Korean war confronted the western world with the need for producing at record rates in self-defense.

So Marshall Plan grants, Treasury loans and Export-Import Bank loans have accomplished little more than to restore Europe to the point where it was before World War II. Production has increased, but so has population. The leading countries do show higher production per worker than they did be-



fore the war. But the workers nowhere nearly match the output of their U. S. brethren.

The fact that Europe is aiming too low for recovery in trying merely to overcome the ravages of war has been hidden by statistical reports about production and capital investment. European investment has been averaging 20 per cent of gross national product, compared with 15 per cent in the United States. But the European gross national product is small. And the restoration of war-destroyed plant has taken a large portion of the total investment capital.

Britain, for instance, spent \$280,000,000 on roads in 1949. But 90 per cent of that was to repair damage that resulted from lack of maintenance of the roads during the war years.

Of all the Marshall Plan countries, Norway has become the most determined investor in new plant. It reached the peak two years ago, when it invested 37 per cent of the gross national product.

Behind it ranged Iceland, 31 per cent; Sweden, 26 per cent; Netherlands, 24 per cent; Germany, 20 per cent; Greece and United Kingdom, 19 per cent; France and Ireland, 18 per cent; Belgium and Luxembourg, 14 per cent.

While accomplishment to date seems slight, the prospect of fur-

ther advance is dim. The Organization for European Economic Cooperation, made up of Marshall Plan countries, took a drab look at the old world a few months ago and predicted:

"Total amount of goods and services available for domestic consumption, investment and government purposes, taken together, will increase much more slowly than they have during the last few years. In some countries they may not increase at all."

When Henry Ford II was earmarking \$70,000,000 for equipment for a new plant in Cleveland in 1948, the British Government was asking the Economic Cooperation Administration to set aside \$10,000,000 for purchases in the United States of plant equipment for the whole of Britain.

Britain that year was investing capital also in British products for plant expansion. But the total investment of this one major nation amounted only to \$800,000,000 or a little more than ten times the value of a single American venture by one company.

The Europeans helped by the Marshall Plan have concentrated what investment they have made on stepping up the output of fuel and electric power. Nevertheless, each European industrial worker now has only three horsepower behind him, compared with seven for

the individual American worker. Farsighted Europeans who understand the basic economic difficulty of their continent have been slapped down in efforts to promote investment.

A Frenchman with an American flair, Jean Monnet, almost five years ago produced a plan for major capital expansion in France and in French overseas territories.

The Monnet Plan is functioning, but on a timid level. Paying the price for decades of cautious opposition to risk-taking, France has had to use a large portion of its own and outside capital for day-to-day living instead of for expansion.

A short-lived British drive for real expansion and modernization came to a sudden halt two years ago when Sir Stafford Cripps, then the Chancellor of the Exchequer, instructed the official Capital Issues Committee to limit capital investment. On the eve of the rearmament era, that order cut investment by \$300,000,000 a year.

The few Europeans who take capital risks in confidence that they can expand their market emphasize the mistakes of their cautious brethren by contrast. Belgium pretty much followed the American model until recently. Belgian coal mines produce 25 tons for each miner every shift. The backward British mines produce five tons for each manshift. Europe



BLACK STAR

English coal mines, among the most backward in the world, produce only five tons per manshift

The absence of a mass market keeps European bankers cool to the notion of mass production

HOLLAN



NATION'S BUSINESS for April, 1951



had a coal famine last winter, and no wonder.

Germany historically followed—in fact, pioneered—the American way. The tremendous productivity which Germany attained as a result of a set policy of extensive capital investment brought the Germans close to victory in two world wars. The opposition of American industry alone prevented that disaster.

The German revolution of 1848, releasing German business men from domination by the host of little kings who ran the German states, made Germany production-minded and paved the way for the Krupps and the Tyssens and other industrial giants. The annexation of Lorraine from France, after Bismarck's "Blood and Iron" war in 1870, gave Germany possession of more iron ore than any European country, and the Germans took full advantage of it.

The Germans got back on the high investment and high production trail a few years after World War I, with the help of the Dawes Plan. German industrialists made educational trips to the United States in the 1920's and then applied at home what they learned over here. Despite the depression and the heavy state controls inaugurated by the Nazis, the Germans remained risk-takers almost until the end of World War II, and

their industrial power overshadowed the continent.

Despite the grim lesson taught by the Kaisers and the Nazis, American and European accountants still do not speak the same language. Machinery that is written off in the United States as obsolete is just getting into the groove, by British practice. Britain has gone along with hand operations—meaning low productivity—that the United States long ago abandoned in favor of automatic systems.

The Platt Mission, which the British Government sent to the United States in 1944 to investigate the cotton textile industry, reported that in Britain "the weaver must do all the cop and shuttle changing, must repair warp breakage, in most mills must attend to the warp letoff motion and must perform many other minor motions"—all of which are performed in America automatically while the weaver is left free to weave at a high productive rate which the English weaver cannot attain.

Britain at the end of the war was using wool carding machinery 80 years old. Where the equipment is modern, as in the boot and shoe industry, factories are laid out so badly that British production falls behind American. Inefficiency born of antiquity is an old ailment in Britain. It dates from the turn of

the century, when the British began to coast at the level they achieved in Queen Victoria's heyday. Most woolen textile factories were built in the 1800's.

European business men don't take the industrial risks that are common in the United States because they spurn the mass-production philosophy. They are not mass producers because they have not tried to build up a mass market.

For that reason they have no incentive to invest money in capital improvements or expansion in order to step up the volume and speed of production, or greatly to increase the worker's output.

The low incomes of most western and southern Europeans prevent them from becoming customers of their compatriot manufacturers. They can afford only the necessities of life.

The manufacturers themselves further constrict this market by setting high prices on most products that are not absolutely essential. Few Dutchmen, for example, have the wherewithal to buy the expensive radios made by the Phillips Company of Eindhoven, the Netherlands, the leading electronics manufacturer in Europe.

The growth of the practice of installment buying in the United States has no real counterpart abroad. This lack helps keep the  
(Continued on page 79)



KEYSTONE PICTURES, INC.

Low incomes limit most western and southern Europeans to only the barest necessities of life

Inefficiency born of antiquity is an old ailment in Britain, dating from the turn of the century

KEYSTONE PICTURES, INC.







# Uncle Dave Comes Home

By MABEL THOMPSON RAUCH

FRED SIEBEL

**W**E WERE his wife's relations, not his, and some of the younger and more unsentimental generation thought it queer to send him back to us for burial. Still, he and Aunt Carrie had lived there for many years during their early life. They owned a lot in the cemetery where they had laid their two eldest children when they died in childhood. So it was all right. There was a place to bury him.

I had returned that summer to "Egypt," the home of my girlhood, to visit my mother. Although I had lived away from it for many years, I retained an affection for my old town that the sophistication of city life could not change. And while I was spending my vacation down in southern Illinois, Uncle Dave died in California and was sent back East for us to bury.

He had been principal of the high school when they lived in our town many years before, but Aunt Carrie was one of those women who are never satisfied with what they have in this world. She nagged at him till he gave up his position, sold their home and moved West. She said she must have the change on account of ill health, but she was still very much alive when Uncle Dave died.

They never did as well financially again. Uncle Dave, who was a born teacher, was unable to obtain a position in the schools there and he was an indifferent business man. Down the years, no matter how hard he strived, one failure followed another. In their old age they were forced to live with their prosperous married daughter, but Aunt Carrie was so mean to Uncle Dave, in a short time she drove him away.

After ten years of silence as to his whereabouts had come this telegram from the Elks' Lodge in Sacramento. They were sending him back to us as his last wish. My mother had a letter from a man who owned a small hotel there where Uncle Dave had clerked for years.

"Everyone loved 'Old Dave' as we called him," he wrote, "and when he knew his time had come he begged us to send him back to rest with his friends. He said he had been homesick for more than 30 years."

The funeral was held at Mr. de Vere's Funeral Parlor. They were located in a large brick residence on West Main Street, at the edge of the growing business district. It had been the home of old Judge

Brewer in an early day. Mr. de Vere was the first mortician to establish himself in our town. He was a graduate of a St. Louis undertaking school and knew all the city frills of burying one. We had had only two plain undertakers before this, one white and one colored.

Funeral services up till that time had been conducted from the home or church, according to the deceased's age or station in life, or if one had been a sinner or a Christian. Now the new funeral parlors had introduced a different way of leaving life, a kind of middle door of exit, so to speak. It was becoming more popular with the residents of the old town, as they changed their ideals of living to conform with modern times. And Mr. de Vere was being accepted as a permanent citizen of the town.

Uncle Dave's services were held Sunday afternoon. My mother had telephoned the notice to the *Advocate* and it had been put in Saturday's paper. "But goodness knows," she said, "whether anyone who reads it will know whom it's about. Thirty-two years is a long time to be away, even from a small town."

"Has it been that long?" I asked. "Why, I remember Uncle Davy so





When they started "Lead Kindly Light," we all joined in and sang

well. He used to teach me James Whitcomb Riley's poems when he came to see us—you remember—"Orphan Annie" and "Old Fashioned Rose"—"

"You were eight then," said mother. "Yes, it was about that time when Carrie pulled David up, branch and root, and started out West with him. I was never much surprised the way things turned out after they left here. David liked this town. He was a good teacher and he was happy in his work. He meant something fine to us here."

The funeral was set for three o'clock. That gave time for anyone who wanted to attend to finish his dinner which was always later on Sundays than weekdays. When we went in and sat down on the small folding chairs at ten minutes of three, there was only a handful of folks present. All of Uncle William's family were there, Banker Miller's also, and the two old-maid Henson sisters.

"I'm afraid there won't be many here," said mother in a low tone.

I looked around while we waited. Mr. de Vere had had the partitions taken out between the front and back parlors. This made one nice long room. The windows had been replaced with stained glass. Before

the large white marble fireplace in the forward end of the front parlor was a kind of altar where the coffin rested. Except for the two big chandeliers with their glittering cut-glass pendants swinging from the ceiling, it was nearly like being in church.

My mother noticed the changes, also. "I used to come to dances here when I was a girl," she whispered.

The fine florist's wreath the Elks had started back with Uncle Dave had faded, so the decorations were flowers brought from people's yards: big bunches of peonies, huge white snowballs, sweet-smelling syringa and graceful sprays of bridal wreath.

Mr. de Vere had taken his shiny automobile and gone to fetch a minister to say a few words. So we all sat in peaceful silence awaiting their return.

Dark swinging doors had been fitted over the entrance from the front hallway to deaden the street noises. They quietly parted and Professor Woods came in. He was a fine-looking, middle-aged mulatto, and had been principal of the colored high school for more than 20 years. All the old-timers knew he was the natural son of old Judge

Brewer, now many years deceased.

He looked at the assembled group with his pleasant and sincere air. We all nodded. As no one had wanted to sit in front and we were scattered over the back of the room, he crossed the narrow aisle and sat on the end chair of the front row against the wall.

"I had forgotten about him," whispered my mother.

When Ernest Woods as a boy had finished the colored grade school years before, there had been no colored high for him to attend. To mix the two races in education was unthought of then for we lived too close to the Mason and Dixon's line. But Uncle Dave had fought the school trustees and the board of directors, in fact, the entire town, till the scholarly young mulatto had been allowed to attend the white high school.

He had been graduated under Uncle Dave's tutelage with honor and gone away to teach in a colored school. Later, he saved enough money to pay tuition at Fisk University and was graduated from there. After the colored high was built, it was only natural that he be called back to be its first principal.

When he returned, the trashy



element of the town began speaking of him as "Prof." Woods in derision, but as the years went by they called him by that title as a token of respect. He was a constant buffer between the two races in a town composed of nearly equal proportions, white and black.

Several more people came in by ones and twos and tiptoed down the aisle and found places. Then, scraping and hesitating footfalls came up the front walk and steps. Someone blundered through the double swinging doors, violently. A ripple of consternation passed over the room.

It was old Perry North, and he was good and mellow as usual.

Before anyone could rise to interfere, he had staggered the short space from the door to the coffin and stood looking down at it. He could not have seen anything for the casket was never unsealed after it reached us, but suddenly he said in a heartbroken tone, "My teacher!" Perry North put his hands over his face and began to cry in the long-drawn sobs of a drunken old man weeping over his lost youth.

"Dear me!" said my mother.

Then Prof. Woods rose quietly and went over to him. He patted

him on the shoulder. "Come on, Perry—come sit with me. I'm glad you came."

The old man allowed his colored friend to take his arm and conduct his unsteady steps to a seat beside him. Prof. Woods produced a handkerchief and helped him dry his tears and compose himself as one would a sorrowing child.

The room gradually returned to silence, but I could feel the thoughts that were turning over in the minds of those sitting around us. They were reviewing the relationship of the two men in the front row over a course of many years.

At the time when Ernest Woods had been allowed to attend the white school, Perry North had been one of his classmates. When they were graduated, Perry had been valedictorian. Then young North had read law in old Judge Brewer's office and was soon a fullfledged attorney himself. Before long people were speaking of him as the most brilliant young lawyer in our part of the state.

Then came the war. He was captain of our local militia company when it was mustered in. He got back all right, but was never the same again. His young wife had

run off with another man while he had been away fighting.

He began drinking. Not enough to ruin his practice at first—he could still wring a jury's emotions as you would a towel—but as the years passed by it all but destroyed him. These days, he was known to the younger generation as old man North, the town drunkard. His pension from the Government went mainly for liquor. Several times he had been committed to the county farm, but he always came back to his whisky and the gutters of the town.

One winter, several years before, when he was lying drunk in his accustomed place out back of the Elite Livery Stable and Garage, Prof. Woods found him at nightfall, nearly covered in snow and half-frozen. His old schoolmate took him to his own home and cared for him.

Nowadays it was common knowledge that when sleeping got too cold for out-of-doors or the livery barn, old man North would stagger over to the colored side of the town to the Woods' backdoor and they would take him in. On particularly bad nights, if he didn't show up, Prof. Woods would go out and find him. People talked about it, but nothing was ever done.

The postmaster came in and with him Mr. Schover, our leading merchant. Their wives accompanied them. They had all been pupils of Uncle Dave.

Then we heard the smart clomp! clomp! clomp! of a team. It stopped out front and presently big Abe Gateland and his wife Mathilda came in. He was the most prosperous farmer in that part of the country. Happiness and good living radiated from the huge red-faced man and his buxom wife. But things had not always been so with them.

Abe was hardly out of high school when he became involved with a neighboring farmer's daughter. He could not appeal to his own parents for help as they had set their hearts on his marrying the banker's daughter, who was also in love with him. The distracted young fellow, half-crazy, rode into town late one night and confided in his former schoolmaster.

"You go back to Matty and get down on your knees and beg her to marry you," said Uncle Dave. "What do you want with a delicate town girl, anyway? Don't you intend being a farmer all your life? You want a helpmate for a wife, not a hindrance!"

(Continued on page 82)



Perry North put his hands over his face and began to cry



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PHOTOS BY ED BEAZLEY

New civic projects may spring from an informal gathering such as this

## Dixie's New Design for Living

By DICKSON HARTWELL

WITH the right twist, a rural improvement contest can pay off—as the South now knows



**N**O ONE knows precisely who started it. But recent visitors to Georgia, Tennessee and adjacent states are witnessing a kind of revolution. People there have discovered a new way to live together. It has improved their surroundings, made more money for them and, for many, transformed their lives. They are happy as they never were before.

Five years ago gray, alert Mrs. Minnie Taylor was probably the loneliest woman in Georgia. Certainly she was the most forlorn in Liberty, the 52-family hamlet

As secretary of her local club, Mrs. Taylor is no longer lonely

where she lived. Like millions of others, she was starved for companionship, for people to talk and plan and share with. Not once in her 50-odd years had there been a social gathering in her hill country community. Only at church or Sunday school was there a chance even for a snatch of gossip.

"I used to sit at home just waiting from one Sunday to the next," Minnie Taylor says. "There was nobody even to holler to."

But today there is relatively as much excitement in Liberty as in Times Square on Saturday night. No longer lonely, Minnie Taylor is in the thick of it. She and almost everyone are active members of some committee and more than 80 meetings are held annually. For the first time in 116 years Liberty people are working together and having fun being neighbors.

What is happening in Liberty is happening in a thousand other places, in big city suburbs, factory towns and rural areas. It began in 1944 with a simple idea. Sparked by the chamber of commerce, Knoxville, Tenn., civic groups offered prize money to stimulate better farming. The idea—a contest—was ancient, but this one had a novel twist. Instead of pitting farmer against farmer, it called for organizing groups of neighboring



# The Policy of Friendship



## Balance Sheet

ADMITTED ASSETS	*December 31, 1950
Cash in Office, Banks and Trust Companies	\$ 38,777,419.93
United States Government Bonds . . . . .	108,301,862.62
Other Bonds and Stocks . . . . .	175,820,027.95
Investment in The Home Indemnity Company . . . . .	6,878,161.00
Real Estate . . . . .	5,293,635.24
Agents' Balances or Uncollected Premiums, Less Than 90 Days Due . . . . .	19,766,198.65
Other Admitted Assets . . . . .	3,320,264.23
Total Admitted Assets . . . . .	\$358,157,569.62
<b>LIABILITIES</b>	
Reserve for Unearned Premiums . . . . .	\$153,821,812.00
Reserve for Losses and Loss Expenses . . . . .	40,775,253.00
Reserve for Taxes . . . . .	8,750,000.00
Liabilities under Contracts with War Shipping Administration . . . . .	1,218,246.31
Reinsurance Reserves . . . . .	1,334,793.53
Dividends Declared . . . . .	3,598,708.50
Other Liabilities . . . . .	5,417,599.74
Total Liabilities Except Capital . . . . .	\$214,916,413.08
Capital . . . . .	\$ 20,000,000.00
Surplus . . . . .	123,241,156.54
Surplus as Regards Policyholders . . . . .	\$143,241,156.54
Total . . . . .	\$358,157,569.62

\*NOTES: Bonds carried at \$5,799,756.96 Amortized Value and Cash \$80,000.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Assets and Liabilities in Canada have been adjusted to the basis of the free rate of exchange. Based on December 31, 1950 market quotations for all bonds and stocks owned, the Total Admitted Assets would be \$357,620,695.62 and the Surplus as Regards Policyholders would be \$142,704,202.54.

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Sincerely,

*James O. Smith*  
PRESIDENT

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The contest showed people it's fun to work with their neighbors



Prizes are awarded for achievement

Wherever the program has spread, so has brotherly love



families into permanent communities. Each year these communities would compete against each other on self-improvement.

This little twist did the trick. Realization that it's more fun to work with your neighbor than against him burst on the people around Knoxville like sunshine. Where old-style contests had met with apathy, the new idea prairie-fired. With donated local and regional prizes soon totaling thousands of dollars, the contests now cover all of Tennessee, half of Georgia and parts of Alabama and Virginia. In 1951 they are spreading throughout Arkansas. After a recent survey of results, an amazed investigator of the conservative Federal Reserve Bank of Atlanta termed the contests, "a phenomenal success."

In the country around Knoxville, Nashville and Atlanta I recently saw farms in contesting communi-

ties that five years ago were gutted by erosion and overgrown with brush and sage that are now lushly verdant. I watched fattening beef cattle, sturdy hogs and high-producing cows grazing where scrawny razorbacks had once gone hungry. Tobacco Road shacks have changed magically into spick-and-span white cottages. That classic southern trademark—the outdoor privy—is fast disappearing.

But most important is what is happening to the people. It shows up in little things. In Liberty, for example, a man used to meet his troubles alone. Today trouble has the whole community to fight. When 77-year-old Jim Loggins fell ill his neighbors harvested his crops. Ed Duncan hasn't been well for months but he hasn't been hungry—the community club sees to that. After his ornery mule bolted, Ed Taylor was hospitalized with a stubborn shinbone infection. Neighbors butchered his fattened hogs, gathered his corn and chopped his wood all winter. When spring came they planted his crop. It cost him nothing. Now Ed is well. No one has to tell him, "Love thy neighbor."

Though there are those who would like to see the contest limited strictly to agricultural communities, some factory towns have entered the competition. Mascot, Tenn., largely owned by the American Zinc Company, is one of them.

In 1948 the morale of Mascot people was low, much of the air was heavily polluted with limestone dust, there wasn't a single playground or recreation facility and despite money-losing expenditures by the company, the houses were in a dismal state of disrepair.

Today Mascot has a concrete tennis court, a reconditioned library, a children's summer playground staffed by two paid supervisors, a weekly movie, a monthly square dance, two school basketball teams and a state championship baseball team.

The community hired an engineer to design a new school lighting system. Lacking a picnic spot, they cleared a five-acre tract of underbrush, set out lunch tables and outdoor cooking grills. Dust-control devices were installed at the plant. Borrowing spray equipment from the company, the contest committee offered to paint any man's house, company-owned or not. In a few hours evil six-room eyesores were converted into creditable homes.

As the drab town brightened,

ED BEAZLEY



more people took part. Men living in company-owned houses who once swore to "let the dump cave in before I'd spend a dime on it" got out tool kits and built shelves, repapered and painted, closed in old-fashioned claw-footed bathtubs, sanded and waxed floors. They put modern plumbing in company-owned houses!

Employees who once used spare energy grumbling against the company uncovered real grievances against the county school board: a lunchroom that leaks during frequent rains, sagging floors separated six inches from baseboards, a seepage of water from the boys' latrine to the kitchen. When the county school supervisor refused to inspect the premises, they hired a photographer, took damning picture evidence and carried it in a body to her office. They got action.

"Nobody here thinks of Mascot as a company town any more," freckled Bill Armstrong, community chairman told me. "It's our town. We can make it as good as we want it to be."

Being thus organized for group action community clubs undertake unusual civic responsibilities. When lackadaisical authorities failed to stop serious chicken thievery, one club posted a \$200 reward and jailed the culprits within a week. A honky-tonk roadhouse threatened the morals of its youngsters so another group promptly arranged its sale and re-conversion into a private residence.

In Tennessee, the Mt. Lebanon club members checked on a nearby poor farm and were shocked at filth, infestation and lack of sanitation in a firetrap building. Mrs. Minnie Buchanan and Miss Elsie Hudson were sent to arouse every club in the county. With photographic documentation, a delegation met county officials. "We represent 500 families," they said. "We want something done." Christmas, 1949, the inmates moved into a new fireproof \$30,000 building.

Community groups go right to the top. Little 60-family Sharon, Tenn., badly needed improvement of an often impassable county road. A committee of five was appointed to appeal to then Gov. Jim McCord in person. But instead of five, a delegation of 75 showed up. The governor met them in the senate chamber and told them, sorry, he couldn't fix their road.

But the once meek Sharon people refused to accept his brush-off. They harassed him with pesky facts he couldn't turn aside. Annoyed that a pip-squeak com-



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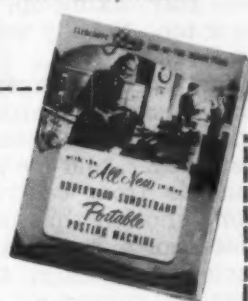
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munity was so troublesome McCord's temper mounted. Then Sharon's tall, handsome Mrs. Harry Bracey rose and calmly pulled the facts together. Farmers were forced to take their tobacco to a more distant market; people couldn't get to church; they were deprived of a needed bus line; schoolteachers hesitated to accept jobs in Sharon; everyone was blocked from convenient shopping areas. They got the road.

Such achievements impress contest judges who spend several weeks minutely comparing progress among the contestants. Points are scored for improved farming methods, increased family food supply, home beautification and modernization, effective club organization and community recreational facilities. Prizes for county, regional and state winners, raised and donated by sponsoring chambers of commerce, range from \$25 to \$1,000.

Community clubs make elaborate progress reports to the judges, omitting no detail that might be worth a point. Some, from the back country, are proudly printed in crude frontier lettering. A long list from Bean Creek near Lynch Mountain in northern Georgia ended with these items:

—Millie Garrett have two new bed spreads and two new rocking chairs.

—Charlie Anderson have new curtains and a new refrigerator.

—Alice Goldwire have covered her smokehouse.

But the sense of well-being that springs from such things as new bed spreads, inside bathrooms, brightly painted houses and a high development of civic responsibility is enhanced measurably by the effect of the contests on the income of the participants. Fertile farms and improved techniques pay big dividends and dozens of farmers told me the contests had helped them make more money. With the advice of agricultural agents, crops are balanced, purebred stock is purchased and land terraced and pastured to curb erosion. As one man explained: "When your neighbors start fixing up, you've got to do it too. Nobody wants to be the drag tail farm."

Joel Fort, manager of the Federal Reserve Bank, Nashville branch, and an enthusiastic contest backer, told me that a partial analysis from central Tennessee alone showed that in three years contestants spent \$2,060,000 for home furnishings, \$2,022,000 for electrical equipment, \$6,682,000 for home building and repairs and \$4,-

462,000 for new farm machinery. Much, if not most of this, he says, was stimulated by the contests.

Realistic Assistant Secretary of Agriculture Knox T. Hutchinson made an on-the-spot checkup. "These contests are revolutionary," he said. "The important thing is the people are doing it for themselves. *There is no government bonus and no subsidy.* They've found by working together they can literally lift themselves by their bootstraps."

Even sponsors are amazed at the competitors' enthusiasm. On the eve of an annual prize award banquet at Nashville's Maxwell House, a sleet storm swept the state, icing roads and disrupting communications. A glum banquet committee of the Nashville Chamber of Commerce met the next morning. With 600 reservations the consensus was maybe 100 would show up. At this gloomy moment a delegation of cheerful contestants burst into the

"I place economy among the first and most important virtues, and public debt as the greatest of dangers. We must make our choice between economy and liberty or profusion and servitude."

—Thomas Jefferson

meeting. They were going to "do the town" before the banquet. Where had they come from? Why from near Sparta, 100 miles away. "Roads were a little skiddy," the chairman reported, "but we wouldn't miss this for anything. We expect to win first prize." The banquet committee relaxed. There were 550 at the dinner.

Business men visiting contesting regions have seen the results and returned home, inspired, to initiate the idea in their own areas through their local chambers of commerce. Large organizations like the Atlanta Chamber of Commerce, through its Farmer's Club, supply a full-time staff member to aid the communities and cooperate with county farm agents. Community committees are organized usually after a single meeting at which a representative from a successful group describes his organization's accomplishments. The contests have spread into five states almost entirely by local, word-of-mouth publicity.

The biggest problem in the communities is money—money to build baseball grounds, equip school lunchrooms, rebuild and repair

churches, erect auditoriums and gyms, basketball and croquet courts. Emergencies arise, too, as when the folks in Nacoochee Valley in the Georgia Cherokee country learned they were losing their school after a county political shift. They went into action and fixed a questionable water supply by deepening a well. For \$96 the oozing sewage system was repaired. The hot-water heating plant was overhauled for \$125. Willing hands and \$400 in cash rebuilt and refurbished a condemned primary building, equipped it with bought and borrowed appliances for a domestic science department. They scraped up \$30 for a library fund and put out a precious \$300 for three new typewriters. They canned vegetables to stock the lunchroom. Then they defied officials to condemn their school as substandard.

Raising these and larger sums calls for ingenuity and persistence. A favorite social affair is a cake-walk. Bidders pay from ten to 50 cents to walk a circle around a table laden with cakes donated by neighboring womenfolks, hoping to be standing on a winning number when the walk is whistled to a stop. They hold fish fries, square dances, auctions and amateur vaudeville nights. One community wheedled the vending machine concession in a nearby factory and nets a fabulous \$100 a week for local improvements. To raise \$510 for a church heating unit—a vast sum in a hamlet with an average Sunday collection of \$1.25—a patchwork quilt was designed. Twenty-five women took a patch each, to embroider on it the name of anyone who gave them money. In three weeks \$850 was raised. One woman sewed 133 names into her single 18-inch-square patch.

Many communities have special songs, prayers and slogans to epitomize the spirit of the contests. Characteristic is the homespun, humble motto of one little community: "We do the best we can where we are with what we have."

Most inspiring of all is the new spirit of neighbor-help-neighbor. Near famed Kennesaw Mountain a few miles out of Marietta, Ga., Agnes and Homer Chandler are happy together because of devotion, faith and the sudden change the contest made in their neighbors. Spinal meningitis cut Agnes down when she was five, and put her on crutches for life. But Agnes had spunk and beauty and after two years at North Georgia College, she met and married tall, stalwart Homer Chandler, an Atlanta fire-



man. Suddenly Homer was struck with functional paralysis. For 23 years he has been dependent on crippled Agnes.

With no money but a \$20-a-month pension plucky Agnes got a sewing machine though her feet were useless to pump it. She found a way. With her right hand on her knee and her foot on the treadle, she pushed her leg up and down, running the heavy machine with the muscles of her slender arm and shoulder. She learned to sew with her left hand!

For 20 years Agnes pumped away making dresses and pajamas at \$1 each. Neat as a pin, she swept, dusted, mopped on crutches. But in rain or freezing weather it was a long way to the outside privy, and even longer for paralyzed Homer. On his good days Homer could carry a little wood for the stove but pulling water up on the spindle of the old well took a whole man's strength. Neighbors stopped by to draw a bucket—whenever they thought of it.

"When we ran out of water we'd just wait and pray," says Agnes.

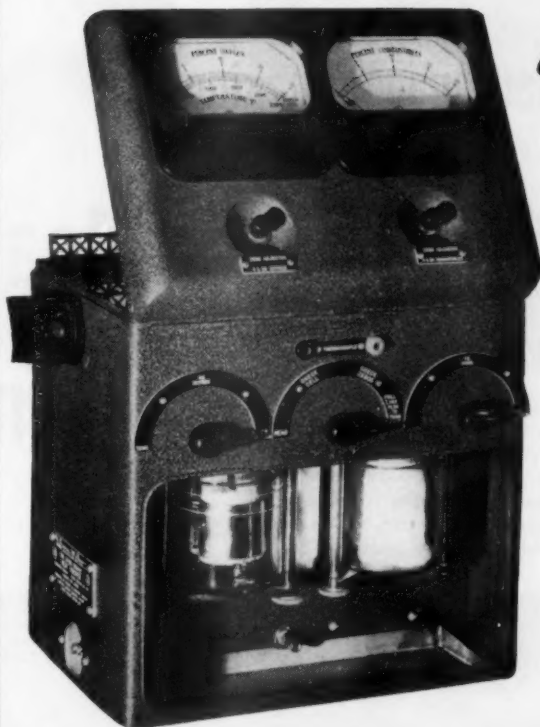
Then one day shy, lanky Magood Mabry, community club president, stopped by. "We've joined the contest," Mabry said. "We can start improving right here."

The club put a pump in the well and a sink in the kitchen. The day water flowed Agnes had to shoo Homer away from the sink with a broom. Ecstatic, he wanted to let it pour over his hands and arms. But club members didn't stop there. They ripped out the old, back-breaking wood stove and installed a new one—electric. They sectioned off an unused storeroom and put in a flushing toilet—commode, Agnes calls it. There is a small washing machine. Neighbor Betty Dickinson donated a wheel chair. Best of all there is a new electric sewing machine.

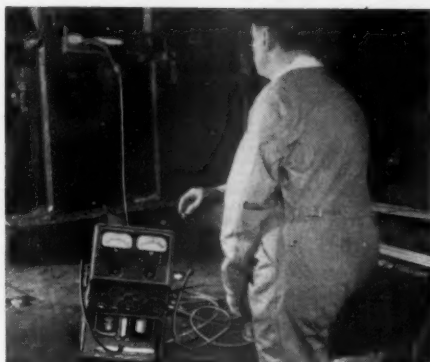
Any visitor in the South can readily see the freshly painted barns, the green acres and the strong, straight fences. The people tell eagerly, too, of the thousands of new bathrooms, the shelves of home-grown food, of their newly decorated homes, and modern, fully mechanized kitchens. But these physical accomplishments aren't the real story. It is found in the reply of a little Georgia lady when contest judges asked, "What is your community's outstanding accomplishment?"

She knitted her brow and puzzled a moment. Then her eyes brightened. "I believe," she said, "it's that we've learned to love one another."

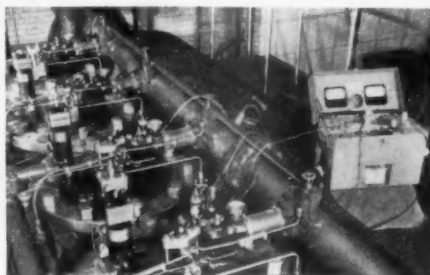
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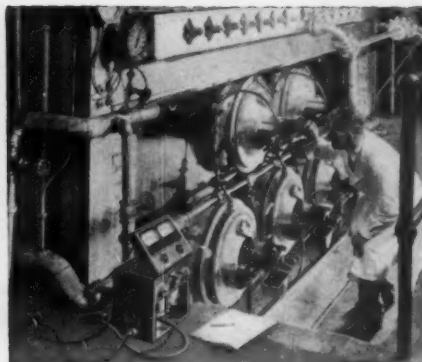
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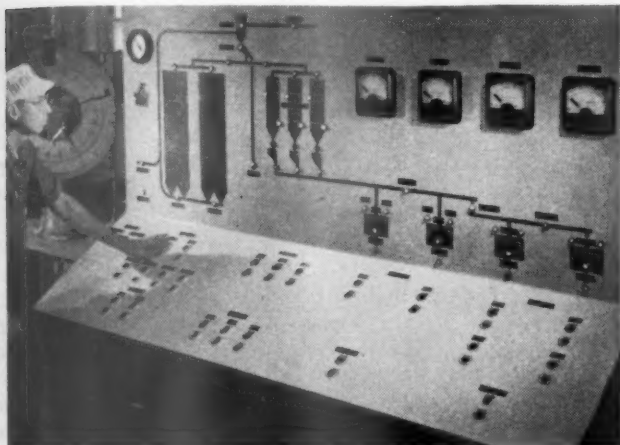




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## SEED BEDS OF SOCIALISM: No. 4

# Federal Finance Agencies

By JUNIUS B. WOOD

**O**UR Government's intervention in the lives of individual citizens, such as its portioning out of natural resources and its grip on agriculture, is visible to everyone. Its part in the earning and spending of each individual is less evident but even more potent.

To the average American, unversed in economic theory, money is money. A dollar or a dime looks the same as it always did. Why, then, should it not always be worth the same. That tricks and stratagems can make money flow from the printing press, dry it up at the source or vary its purchasing power is hard for him to understand or even to believe.

Yet nowhere is the power of the Government over the daily lives and welfare of the people so easily exerted. As the governments of the world have moved toward totalitarianism or socialistic practices, control of money has been their most useful implement. Because its use is quiet, slow and indirect, this tool has all the greater value.

The simplest examples are not clear enough, because money is a thing mysterious to the average man. He can understand how the thermostat, regulated by a dial can control the rise or fall of temperature in a room, but it is hard for him to comprehend how the Government in Washington can do the same thing with his money, driving it up or down to conform to a need—or whim—of the moment.

The reason is that the controls are indirect. The determination of a dollar's value may be fixed by a part of the governmental machinery hidden from the public. When the indirect influence of this hidden machinery is not sufficient, more positive force is available. The money involved may be paper or coins in a pocket, a bank check or credit on the books of a corporation. Whatever it is, it is susceptible to a manipulation which fixes the value of your money and, in



**MOST Americans would never vote for dictatorial authority over their lives and fortunes. Nonetheless, Uncle Sam is getting such control through the use of fiscal legerdemain**

final analysis, can tell you how much you may or may not buy.

One of the difficulties in translating the mystery of money into facts that the average person can grasp is that so much of the money, like the iceberg's eight-ninths, is submerged. We deal in tender passed from hand to hand—paper and specie. These "markers," however, are only the chicken feed of commerce, the visible money, and no more than a fairly accurate gauge of money as a whole.

At the end of the last fiscal year, June 30, 1950, bills and coin in circulation totaled \$27,026,000,000. On the same date in 1939 the total was \$7,538,000,000. At first glance, the figures would imply a tremendous increase in individual wealth. The reverse, in fact, is true. The dollar

today is equal to only 57 cents in 1939 purchasing power. Even less if the purchases are for food. The \$27,000,000,000 is worth no more than \$15,000,000,000 would have been 11 years ago.

Increase of population, expansion of industrial and consumer activity and other considerations make it reasonable that more money should circulate. But the 260 per cent represented by the increase from \$7,500,000,000 to \$27,000,000,000 is not a true figure. Translated into purchasing power, the actual increase proves to be only 69 per cent.

This is money you can touch, a small fraction of the national financial whole. There have been days when demand deposits in New York City banks alone equaled the total of all currency in circulation in the nation. Moreover, the demand deposits did not include time, interbank and government credits. Piled on top of it, in a nation with an intensely active economy, is credit. And credit is money's submerged portion, forming the bulk of trading power.

Visible money's effect on the financial well-being of individuals, corporations and the Government itself is relatively slight. The real ruler of our economic life is credit, which, through unwise governmental controls and policies, can lead to such evils as today's inflation.

In a competitive economy, prices are set by the law of supply and demand. But when a government takes complete control of materials, labor and the medium of exchange, competitive economy disappears. Such is the situation in Socialist and Communist governments abroad. Here, even the pressures of war never have carried the Government to the current extremes of England or Russia and its satellites. But for the past 35 years, with a distinct acceleration in the past decade, federal inter-





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vention in the ways of money and credit have been moving steadily in that direction.

The worker, farmer and merchant would know what to do on the Tuesday after the first Monday in November, if an Administration attempted to tell them where to work, what to grow or how to merchandise. Nevertheless, a great many of those selfsame voters do not realize that an identical danger, dictatorial authority over 150,000,000 citizens, is approaching accomplishment by fiscal legerdemain.

There are four pressures by which the Government can nullify the laws of supply and demand: credit manipulation; control of banks; regulation of trade, and creation of false values through federal lending agencies.

Let us consider these in that order, reducing to the simplest of analyses the effects of each.

**Credit Manipulation:** Two agencies administer governmental fiscal policy—the Treasury and the Federal Reserve system. Treasury wants cheap money for government use. Federal Reserve considers money a commodity and seeks to let the price of its use—interest—move with that of other merchandise. One of the first causes of unsound credit manipulation is the conflict between these two branches of the Government.

A matter of federal credit begins when Congress decides how much shall be spent for the coming year. Congress also specifies how some, but not all, of the money is to be raised; the income tax has been the principal source since 1918.

After Congress has made its decisions, the Treasury takes over. Its responsibility is to raise the money, some from current revenue, some by borrowing. The borrowing means are varied: an IOU to cover money drawn from Social Security or other special funds in Treasury keeping, or sale to the public and banks of bonds and notes. The Treasury shops thriftily for its money, trying to keep its interest rate low.

This affects all money and credit in the country. At the end of 1949, the government debt was \$257,376,000,000, private debt \$225,600,000,000. Even though the government money had been obtained relatively cheaply, its drain on the economy loomed large in the inflation picture. Inflation is the child of unwise lineage: unbalanced budgets, increasing debt, cheap money, easy credit—and low interest.

Inflation simply means that the value of the dollar decreases. Cost of living goes up and standard of living down—distressingly in the case of such permanent victims as pensioners, the aged with fixed incomes, insurance beneficiaries, owners of savings and time deposits, charitable and educational institutions dependent on endowment funds. Many of these sufferers laid away their retirement funds in dollars of one value and are now forced to live on income in seriously depreciated dollars.

Insurance is most typical of how government controls can fan out to affect the humblest citizen. Life insurance started in the United States in 1759 with one company insuring Presbyterian pastors. Today, 609 companies have 193,000,000 policies in force for \$241,400,-

"A depreciated paper money cheats and robs every man who receives it of a portion of the reward of his labor or production. and, in all times, it has been treated by statesmen as one of the greatest evils that can befall a people. There are times when it is unavoidable, as during a great war or great public calamity, but it has always been the anxious care of statesmen to return again to the solid standard of coin."

—John Sherman, Secretary of the Treasury, 1877-81

000,000. That is three and a half times the protection in all other countries combined.

Insurance costs depend on mortality rates, income on investments and operating expenses. Since 1900, the life expectancy of an American baby has increased from 49 to 67 years. Offsetting this are higher taxes—now 30 per cent of national income—and government insistence on cheap money to finance the national debt. Insurance company earnings, with about one third of their investment in government securities, have dropped from five per cent in 1930 to three per cent in 1949. Inflation has increased the cost of new insurance and decreased the value of benefits payable on all policies.

Against Treasury insistence on cheap money, and the freehand distribution of taxpayers' billions by other agencies and government ventures in business, the Federal Reserve system's opposing policy is more a sand bar than a Rock of

Gibraltar. It was created 37 years ago to establish monetary stability in the national economy, largely by curbing excess credit. Successive wars, booms and busts have added more and more controls to its original purpose of protecting investors and helping financial institutions. To the venerable Treasury, it is a precocious youngster.

The biggest ruckus in the years of conflict between the two agencies came last August. A \$13,500,000,000 assortment of bonds and certificates was to mature in September and October. Treasury announced that it would pay them off by issuing an equal amount of 13-month notes at one and one fourth per cent interest. The expectation was that they would either be taken in exchange for the maturing securities or bought by new investors.

The FRS warned that the interest rate was too low for an already congested market where banks held \$65,700,000,000 of government securities, one fourth of the national debt. The Treasury went ahead. Investors bought a small part of the notes, forcing the FRS to take up the great bulk which remained. FRS, able to deal in government securities on the open market like a private corporation, can offer the notes at an attractive price. The Treasury saves on interest and FRS takes the loss. The Government pays in the end.

This manipulation of billions in credit may be over the head of the ordinary taxpayer but he will see what it means in the bills he and his children pay. Economists figure that a seemingly trifling decrease of one eighth of one per cent in interest rates saves about \$320,000,000 for the Treasury a year. However, this saving can mean a one per cent increase in the price index—its cost to the consumer: \$4,000,000,000.

Redemptions now exceed sales of government E Bonds and three fifths of the total outstanding will mature in the next five years. Faced with this first big package of these government obligations, FRS raised its discount rate from one and one half to one and three fourths per cent. That is what member banks pay for loans from a Federal Reserve Bank. Invisible outside of the countinghouse and slow in effect, it is a brake on the inflation which FRS frankly says it is trying to curb.

Except for a sparse sprinkling of political favorites, the governors of FRS and especially its bank presidents and directors are veterans of finance. Like all economists, they



disagree in the family circle but the system is united in opposing the runaway credit other branches of government encourage.

**Control of Banks:** Banks are the pipelines through which credit and cash flow—to modest individuals, to merchants or to giant corporations. Government turns the valves on and off.

At the end of the last fiscal year, there were 14,187 banks with \$144,611,655,000 in deposits in the United States and its possessions. Of the total, 35 per cent with 57 per cent of the deposits are national banks. The others are state banks. Deposits had increased \$7,000,000,000 over the preceding year.

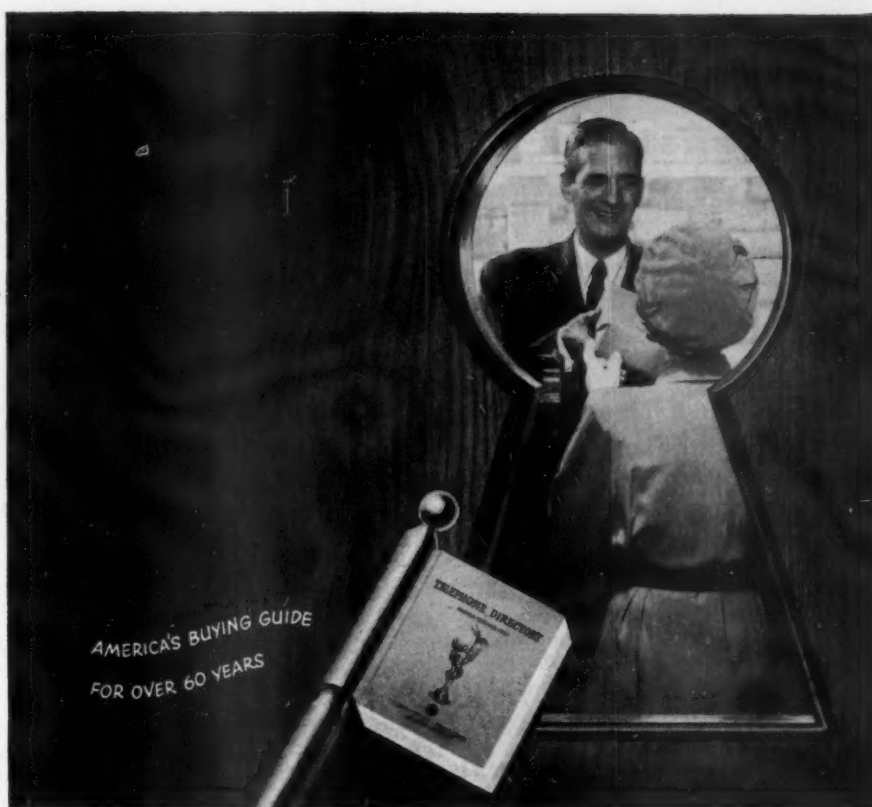
That 35 per cent figure does not mean two thirds of our banks are free from federal control. In addition to general banking laws, about 95 per cent of all banks with more than 98 per cent of all deposits are subject to regulations by two or more federal agencies.

National banks are centralized through FRS. The system also has its own banks—in Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco and St. Louis—with branches in 24 other cities. Every national bank must be a member of the system. Any state bank, able to qualify, can join. Each member must insure deposits up to \$10,000 with the Federal Deposit Insurance Corporation. Nonmembers also have that privilege. There are only 738 banks, five per cent with deposits of slightly more than \$2,500,000,000, subject to state control alone.

Under the country's dual banking system, charters are issued by the Comptroller of the Currency or by any of the 48 states. Each of the 49 governments inspects and enforces rules of conduct on its own offspring. In addition, FRS and FDIC have their own bank examiners, prohibitions, restrictions and requirements for member banks. Even such tractable bankers as presidents of the Government's own Reserve Banks criticize "three sets of harness on every horse," as "clumsy, confusing and controversial."

Outwardly, the Government is not in the banking business. Actually, its many directives and pressures, open and indirect, put it behind the manager's desk in every bank.

"When we get the banks, we'll have everything," a White House adviser declared, adding with alarming candor, "and we're vir-



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tually at the place where we'll take control."

"Control of economic conditions through fiscal policies brings socialism and completes the destruction of private enterprise," was the comment of a veteran banker.

The Federal Reserve's big broad-side control, in addition to discount rates and its many do's and don't's, is its reserve requirement. FRS specifies how much reserve a bank must have against its loans. If the reserve is 15 per cent, a bank can lend \$850,000 of each \$1,000,000. If it is 25 per cent, using easy figures, \$750,000 may be lent. If the bank got four per cent interest on the first figure, it would have \$34,000; if four and one half per cent on the second, \$33,750. An increase in reserve requirement reduces the potential amount of bank credit and may raise its cost.

While the reserve requirement is a brake on loans, it does not prevent credit expansion. The \$850,000 a bank lends soon becomes someone's deposits in other banks. They, in turn, set aside 15 per cent for reserve and can lend \$722,500. In only three more turns, the loans snowball into \$3,152,000 and the so-called reserves to \$556,000.

Its power to remove directors or officers of a member bank for "unsafe or unsound practices" gives FRS governors another dictatorial power over banks. Bankers say this summary power has not been used. But it exists. A bank official can resign before formal removal when pressure becomes threatening. FRS controls over a bank's portfolio of securities, over its relations with other financial houses and many other details are more tangible.

The present controversy between FRS and the Bank of America, popularly known as the Giannini Bank, has been cited as an instance of government harassment and interference with free economy. The Bank of America is a corporation of 526 banks or branches in as many Pacific coast localities. Alone, each is relatively small. United, they form the largest bank in the country. The Bank of America also is the "little fellow's" bank, with 44 per cent of its 4,500,000 depositors having balances of less than \$100.

The fight started after the bank received permission from the Comptroller of the Currency to add 27 more branches, either new or by purchase of established banks. FRS stepped in with an injunction, alleging monopoly. Until then, attacking monopolies had been a function of the Federal Trade Commission and the Department

of Justice. Months of hearings have been held, alternately in California and Washington, with large staffs of officials traveling back and forth. The cost is figured at \$3,000 a day. Litigation carried later to the Supreme Court adds to the expense.

**Regulation of Trade:** The direct controls over banks fix the value of money, whether loose change, billions in fireproof vaults or more billions in credit. The controls are enforced by the Treasury, the state which issued the bank's charter, FRS and FDIC. They include time limits on loans, their size, restrictions on security investments and half a hundred other specifications.

No banks, however, cushion the shock of FRS' other direct controls—credit controls on business. To the merchant, broker and consumer, FRS becomes more than a vague agency in a Washington marble palace. Regulations W or X clamped down last September and October like a police barricade. Regulation W regulates consumer credit; X is on residential building started after Aug. 3, 1950. The third direct control, on stock market margins, is long-standing.

These controls were established originally to meet emergencies. But they have hung on after the emergency passed, like other evidences of creeping socialism. Planners now urge that permanent power be given FRS to administer these as it sees fit. FRS already has authority to designate what consumer commodities bought on time shall be included and what down payments shall be required.

Real estate credit control did not appear until 1950. Controls on consumer credit and margins on securities came with the War Powers Act of 1941. Inflation was the emergency which brought their extension to June 30, 1949. They returned in 1950 with the Defense Production Act.

Marriner S. Eccles, while chairman of the FRS Board of Governors, informed the Senate Banking and Currency Committee of the Board's desire for permanent authority to impose these controls. "The need for regulation is not merely a temporary one," he said. "The case for permanent legislation seems to the Board to be very strong." If Congress ever agrees, FRS can by-pass its indirect controls of money and credit through the banks and step up socialized government through direct control of merchants and consumers.

A president of one of the sys-



tem's own banks questions whether it is "necessary or wise to police this field of human activity." Another declares such controls "come close to being inconsistent with democratic freedom of choice." A third says, "Inconsistent with the democratic concept of individual rights."

FRS estimates that on Sept. 30, 1950, 200,000 concerns were registered with it as instalment dealers with \$13,300,000,000 credit outstanding. The real estate billions were about the same. About 85 per cent of FRS' registrants are instalment dealers and all registrants handling residential real estate come under the new regulations. The controls are hard on the consumer, hardest on the small-income family.

Banks, stock exchanges, instalment houses, real estate dealers, builders, everyone who handles money or credit, whether large or small, must follow a prescribed course. Some controls may be invisible to the passing public but they are just as real as the others which can be seen.

**Lending Agencies:** Government lending agencies add more cross-currents in the monetary stream. Their fields overlap and each has its own policy and purpose. They are in many kinds of business. With funds supplied by the Government, administration expenses and salaries paid and the power of the Government behind them, they compete on terms which no private business can meet. The private competitor is thus the victim of his own taxes.

Tax-supported government business can swallow private competitors. The Government already sets the rules for 14,000 banks. Around 41 per cent of their assets are government paper and many of their loans are government guaranteed, such as the \$10,000,000,000 for housing alone. When banks are middlemen, Government may decide to deal directly with the customers as it already does in so many other lines of business.

Created to cushion the shock of war and its aftermath, most of the big federal lending agencies have become permanent. Their role is excused as essential to national development. Banks will lend to citizens or corporations whose credit is sound. The agencies can make loans which, because of size or risk, commercial banks either cannot or will not handle. They also can deal in subsidies, be helpful to party favorites or satisfy

(Continued on page 75)

# "Too Late"

## MAY BE TOMORROW

Every successful close corporation relies on a well-organized management group—usually the stockholders.

The untimely death of a stockholder very often requires reorganization of the management—a reorganization that can bring incompetent interests into the group and may even jeopardize the very existence of the business.

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## So Freedom Builds

(Continued from page 39)

derstood, not only has been applied to production; as rising productivity increased the wealth, the wealth, in turn, provided funds for scientific research that produced the imposing array of medical wonders and techniques that are at our disposal today. Besides this, the same science, through use of the telephone and the automobile, brought the doctor or hospital or clinic within quick reach of everyone but those in the most remote and inaccessible rural districts. This, along with the ready availability of new and miraculous antibiotics, reduced enormously the dangers of most infections.

This is why the twins born to the Workermans last year have such an improved life expectancy. The Workerman boy can look ahead to 65.5 years of life, while his sister can look forward to more than 71 years. If they had been born back in 1901, however, the boy could reasonably have expected only 48.2 years on this earth, his sister only 51.1 years.

ALSO, the Workermans of 1951 are housed much better than their grandparents were. Not long before the turn of the century a survey showed that 98 per cent of the families in New York City's workers' districts were without a tub or a shower. Of course, there were not as many of these facilities available then as there are now, but even if there had been Grandfather Workerman couldn't have afforded a house or an apartment with such fixtures. Not so today, when nine out of ten urban dwelling units have tubs or showers; eight out of ten have their own cooking equipment and kitchen sink; 98 per cent electric light and 59 per cent—this includes southern cities, too—central heating. Moreover, whereas in 1901, only a fifth of workers' families owned their homes, today about half of them do, including those in the semi-skilled and unskilled categories.

Incidentally, the Workerman twins mentioned a moment ago will know more than their forebears did. At least they will have the chance to. Fifty years ago, 309 out of every 1,000 children between 14 and 15 were in the labor force; today, only 14 of every 1,000 of that age are so classified. The others are in high schools. At the same time the iniquitous practice of

child labor almost has ceased to exist. These things, of course, are due to the improved economic status of the Workermans over that of their grandparents, and to the demand for greater educational facilities resulting from more family leisure time.

The improved status and the leisure, of course, permit not only the Workerman children to have a sound schooling, but also stimulate the entire family to devote more time to cultural pursuits than would have been possible back in 1901, even if the grandparental family had wanted to do so. The Workermans today are reading books and subscribing to periodicals as a matter of course, things grandfather didn't do, and their use of public libraries is on the rise.

This year is the seventieth anniversary of the founding of the American Federation of Labor by Samuel Gompers. The father of the American labor movement wrote in



his autobiography: "Economic power is the basis on which may be developed power in other fields. It is the foundation of organized society." And to give the John Workermans of this nation such power was, and is, of course, the purpose of organized unions, the existence of which is due largely to the genius of Gompers.

He was not, of course, unique in his belief in the influence of economic power. Those twin apostles of the Communism that is challenging our system, Karl Marx and Friedrich Engels, said substantially the same thing. But Marx and Engels held that this power could be achieved only through class struggle, violent revolution and the extinction of everybody but members of the believing proletariat.

This philosophy of method was, in varying degrees, urged on Gompers. In 1902, the radical Max S. Hayes, who later ran unsuccessfully against Gompers for the

presidency of the A. F. of L., advocated the overthrow of the wage system and the establishment of an "industrial cooperative commonwealth." When Hayes offered this as a resolution at the A. F. of L. convention that year it almost carried, and would have, had it not been for Gompers' opposition.

Later, leaders of the Independent Workers of the World—the famous "wobblies"—averred that all labor peace was simply an armed truce as long as the wage system was in effect and urged that at any favorable opportunity "the struggle for control of industry" be renewed.

Both of these views were, of course, Marxian in concept and both of them were refuted and defeated by Gompers, who advocated gradualism and evolution to attain the ends John Workerman sought. It would appear that Gompers understood the character of his people better than did his Socialist-Communist rivals because the workers followed him. By 1912, therefore, Socialist influence in the A. F. of L. was declining rapidly; today it is practically nonexistent. Communist influence, once prominent in the Congress of Industrial Organizations, is likewise dwindling under the attacks of the heads of that organization.

GOMPERS dedicated the A. F. of L. within the American system of free labor and free enterprise, in which freedom of the individual, who creates both, is implicit. He did this so that John Workerman could better achieve security, the three conditions of which, said Sir William Beveridge, are "peace, a job when one can work, an income when one cannot work." Sir William was talking of economic peace.

"The working people," Gompers asserted in 1914, "will never stop . . . in their effort to obtain a better life for themselves and for their wives and for their children and for humanity." At another time he said, "today better than yesterday . . . tomorrow better than today."

Gompers meant this not only for John Workerman, the union man, but for all of his neighbors and he knew that only under the American system could such things be attained.

There have been bitter struggles. There are bitter struggles today. Human passions and prejudices assert themselves no matter the system, but under this one, men are convinced, rather than coerced, and their passions and prejudices thus curbed. The net in union or-



ganization is, of course, impressive. In 1900, when Gompers was making his fight on the Socialists, there were fewer than 1,000,000 of the 29,000,000 gainfully employed workers unionized. Today, more than 15,000,000 or about 25 per cent of the entire working population of whatever category are in unions. At the beginning of the century unions had a foothold in scarcely any large-scale, mass-production industry; today, almost every large manufacturing industry either is entirely unionized or is mostly so.

The past 50 years have seen enacted national and state laws fixing employers' liability, regulating the issuance of federal court injunctions, establishing the eight-hour day, restricting child labor, setting up workmen's compensation. In the 1930's, under the New Deal, the Norris-La Guardia Act prohibited federal injunctions in labor disputes, except in specified instances, and outlawed the so-called "yellow dog" contracts; the National Labor Relations (Wagner) Act established a national labor policy protecting the right of workers to organize and encourage the old principle of collective bargaining; the Social Security Act provided income for Workerman's old age; the Fair Labor Standards Act prescribed minimum wage rates and maximum working hours. And there were others.

**SINCE 1938**, as in all evolutions, there has been a hiatus. So much action was bound to create its reaction and finally it came in the form of the controversial Taft-Hartley Act, the first even mildly restrictive labor law in years. But even this act, while restricting unions, at the same time protects them—as many union men privately admit—while the privilege of the unions to fight the law at the polls and in Congress remains unimpaired.

Workerman, in contrast to his grandfather, is an important man in his community. He is listened to and invited to participate in community affairs. A recent report indicates that the Workermans of the nation are participating in more than 7,000 community services programs throughout the country. Such services include membership on boards of directors of Community Chests, Boy Scouts, and Girl Scouts. The John Workermans are on school boards, city councils, in state legislatures, in Congress; they are mayors; the head of the union sits at the same civic luncheon table with the president of the bank.

Management, reluctantly or otherwise, has compromised its differences with the unions. Sometimes it even has been ahead of the unions in its thinking on workers' rights. Today, it is significant that capitalist economists are saying that "income continuity is as necessary to the economy as to the individual," and "no society can tolerate people without income."

Labor economists, of course, agree, as labor and management come closer together, viewing the economy as a whole and both are considering the public interest much more than formerly.

**THE** secret of the system's success, of course, is its productive capacity for supplying the demands of ordinary people, as M. de Tocqueville pointed out. As long as the productivity continues, the system operates to the betterment of the greatest number. As long as the productivity continues it will be possible for labor to continue to gain, just as management and capital continue to gain.

But will this productive capacity continue to increase? In the present crisis the system will be tested again and more severely than ever before. Both management and labor are changing plans to meet the test. They have met it in the past; the confidence that labor and management are showing in their present negotiations indicate they believe it will meet this one.

Not that the system is perfect. The injustices and inequities in our nation must be corrected. And man's quest for economic security continues. "Security," wrote Otto Seyferth, president of the United States Chamber of Commerce, "is the unappeasable hunger throughout the world today just as hunger for individual liberty gripped our forefathers 150 years ago. . . . If industry, commerce and agriculture provide it, they not only will share its benefits but they will be able to provide it at a lower cost than through Government. Moreover, the gain in public good is incalculable."

That is management talking of its own interest and the public interest at the same time. Actually, of course, both are the same, as labor interest and the public interest are the same.

Seyferth, in fact, talks like some of our labor leaders. But that is no coincidence. He was a labor leader once, although he now is president of a steel company.

Seyferth, you might say, is a walking, breathing illustration of the American system.



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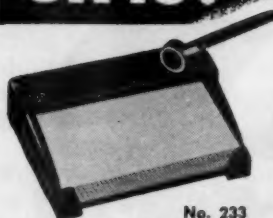
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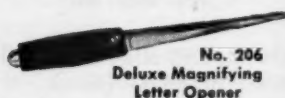


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## Hotfoot for Stalin

(Continued from page 31)

they could join armies on our side for awhile, it would ease the shock of leaving their friends and families. General Anders' Polish Army and the Russian Liberation Army could be reconstituted almost immediately; many staff and commanding officers survive. Other units could be added.

Communism is multinational. Many armies will be needed to stop and to defeat it. America should not be so proud that it tries to maintain a monopoly on dying; if other people want to shoot Communists, too, we can help them get set.

A few months ago I talked with a prominent Communist political officer who had just deserted the cause and who was temporarily locked up, for his own safe keeping, in the military prison of an anti-Communist government. I said:

"Don't you realize that many other Communists have had to leave Communism for reasons of conscientiousness? Don't you realize there are many others like you who have seen the cruelties and mistakes of Stalin and who would welcome you in carrying on the real fight for human decency and the welfare of the common people of the world—the fight against Stalin?"

The man's eyes shone. He almost looked as though he were going to cry, saying, "No, no, I never heard of them. . . . Where are they . . .?"

Another technique consists of splitting the Communists apart from each other. Tito already has broken loose from the dictatorship of Moscow. Another Communist leader, now living in retirement on Formosa, is the last president of the Chinese Soviet Republic, Chang Kuo-tao. President Chang did not salvage his brand of Communism from the clutches of Mao Tse-tung.

Perhaps it is not too late to help turn the Chinese Communists against Moscow. Communist leaders both big and little break away in the satellite countries almost every week. Country by country the United States would have a major decision to make.

Should we support the all-out anti-Communists like Kerenski and Boldyreff, or should we help the heretic Communists like Tito and Chang Kuo-tao?

In Burma, India, and Ceylon there are rebellious factions of the Communist movement; in Hungary, Bulgaria and Czechoslovakia there were. The Communist schismatics in eastern Europe did not, with the exception of Tito, obtain our effective help in time to stay alive.

In many situations we might find it necessary to support secretly or openly both the anti-Communists and the schismatic Communists for the time being.

White psychological warfare could take the form of the Voice of America, for example. The *Daily Worker* is an example from the Russian side. In each case the source of propaganda is what it professes to be.

This type of warfare can supplement subversion. It can encourage the overthrow of dictatorships. It can promise a point of refuge. It can boast about the clandestine operations without giving them away.

Without adding anything to its present budget, the State Department—under its Voice of America program—could boast about the effectiveness of our espionage, sabotage, subversion and other activities carried on behind the Iron Curtain.

When I was one of a small group of Army officers detailed to the Office of War Information policy center during the war, I found that one of the Allied themes most certain to get a heated Axis response was the statement that we had friends in their territory.

Right now Mao Tse-tung's radio is boasting about how many thousand American-inspired spies the Chinese Communist police and army are catching. What would happen if they came to the point where they really believed that a big American-supported revolutionary network was moving into China? At the other end of the Communist world it's the same story. The trials at Budapest, Bucharest, and Prague keep harping on the theme that capitalism has corrupted once-honored Communist leaders. If we give them a taste of the reality we can count on them to expand the story themselves.

Black psychological warfare would involve either Americans or anti-Stalin Russians publishing underground newspapers within Russia. Combined with political



warfare, it would attempt to organize Russian intellectuals, technicians, workers, and peasants into conspiratorial groups designed to overthrow Stalin with or without the help of the United Nations or American armed forces, when the time came for Russia's liberation.

In specific cases, sabotage, assassination, and similar methods might be needed. The value of subversion lies in the effects to be derived from it.

Black psychological warfare could do to Russia exactly what she is doing to America, while giving the Politburo no more legal ground for war against us than we already have for war against international Communism.

Finally, economic warfare techniques would supplement these other open, semisecret, and secret methods of attack-short-of-war. The Russians are known to have printed excellent counterfeits of U. S. currency. They are known to have sabotaged factories, to have encouraged the destruction of raw materials, to have promoted economic chaos within non-Soviet countries. Americans are just as bright as Stalinist Russians and anti-Communist Russians are probably brighter, when it comes to working on Russian territory, than either Americans or Stalin's career boys.

There is no trick in the whole Communist arsenal of subversion which we could not match if we decided to do so.

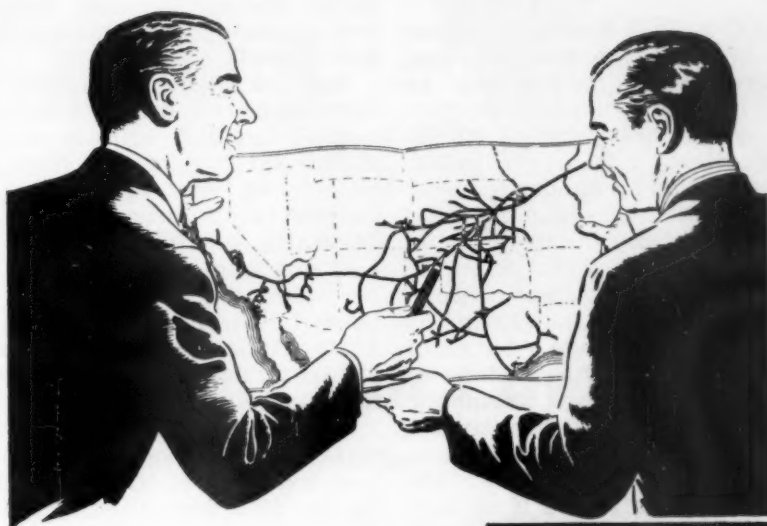
Such a program could start with \$500,000,000. That amount spent on ordinary weapons will produce three divisions at the front; with economies it might produce five or six. But \$500,000,000 for subversion would have the effect on Communism of at least 30 American divisions.

With that sum we could turn the cost accounting of black strategy the other way around. We could let the Russians spend the big money fighting our little money. We could let them wonder about where we were going to strike at them next.

Not only where . . . but at whom? And with what? And through whom? And when? And why?

If we spend \$50,000,000,000 on defense, I suggest we spend one one-hundredth that much on the revolution for freedom. The methods might not be tidy, but the goal, a free and democratic Russia in a wholly constitutional and war-free world, is worth almost any price the human race is able to pay.

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## Should We Draft Our Women?

(Continued from page 34)

Act of Congress, women recruits may be trained in all the arts of modern warfare except combat itself. WAFs are not permitted aboard combat planes and WACs are not trained in marksmanship unless they volunteer for rifle instruction in their off-duty hours. The military's spokesmen admitted it was difficult to define combat zones.

Maj. Gen. R. E. Nugent of the Air Force recently considered that problem. "During the last war," he said, "I had a group of very fine WAC telephone operators in my headquarters—I was in a rather peaceful area; no danger to speak of. I moved my headquarters up where it was noisy and we lost quite a few people there. If I'd taken the WACs, I'd have lost some of them too, but I could not take them. As a result, I had to have a bunch of men with ten thumbs instead of ten fingers on my telephone switchboard just at the time I needed them most. And so I wonder if we ought to put women into danger knowingly, and if so, is it right morally, is it proper, would the public stand for it?"

In the 1940's, England was no more willing to draft women than we are today. They began with a program of voluntary recruiting. When the blitz mounted in fury, they called for a national registration of women, giving them an op-

tion to volunteer for industry, the civil defense forces, the land army or the military services. Women with young children were left at home, but got industrial piecework or civil defense assignments. Community services were created for children and aged dependents to free as many women as possible. Finally, when all the usable men were overseas and the country under siege, England assigned women their jobs through a mandatory draft.

America's women leaders would favor an all-out draft for essential home-front and military services if the survival of the nation is threatened. And they would also favor the preliminary steps needed, beginning with national registration now and intensive recruiting for volunteers. If voluntary methods failed, they would support a draft of independent women to the armed services and a call of others to industry and civil defense.

In 1901, the armed forces accepted the first women into service—as members of the Army Nurse Corps. Men were then so fearful of recruiting women they proposed three standards for nurses: first, they must be more than 35; second, they must be unattractive; and third, they must wear uniforms which would conceal any remaining charms.

In World War I, the Army agreed to take women as civilians

into clerical jobs in Army camps, insisting, however, that these women be "of mature age and high moral character, which would permit them to stay in the camps without moral injury either to the men or to themselves."

At the dawn of World War II, women were admitted to military service as reluctantly as an all-male lodge provides for a ladies' auxiliary. While Mrs. Eleanor Roosevelt and Rep. Edith Nourse Rogers called for a women's corps in the Army, Congress accepted women in uniform with considerable hesitation.

The Women's Army Auxiliary Corps was organized to serve with the Army, not in it. After a year's trial and the protest of women leaders, the WAAC was rechristened as the Women's Army Corps—and the WAC was born. From the beginning, the WACs were voluntary recruits and the recruiting program cost the country more than \$100 for each member. Although the Army finally called for 1,000,000 women, the best the recruiters could produce was 140,000. The women soldiers at first were allowed duty in only 54 specific jobs; by the end of the war, however, they were accepted in 239 jobs previously filled by men.

Because the WACs enrolled more women than any other service, they were most subject to scrutiny by officers who believed devoutly in "this man's army." Colonel Hallaren led the first WACs to England, where they survived the blitz. She still remembers them working at plotting boards in aircraft observation posts while the area was under aerial attack.

"HALF-PINT" Hallaren, as the girls called her, also sent her WACs into Normandy, shortly after D-day. The timing of their arrival was important. "I didn't want them in too soon," she says, "because then the men would have figured they'd have to protect them. And I certainly didn't want to take them in any later than necessary. There wasn't any question of courage involved."

Some of the WACs were assigned to the Air Force and became the nucleus of the WAFs, the Women in the Air Force. One contingent was sent to Fort Benning as airplane mechanics and parachute riggers. The pilots at first were hesitant to take off in planes serviced by women mechanics, but they got used to the idea. The paratroops were more stubborn.

Soon after the women riggers arrived, the rookie paratroops re-



"Every time we do that I feel like passing out cigars"



fused to jump. They didn't like the notion of girls packing their chutes and said so bluntly. When word of this incipient revolt reached the WAC commander, she promptly marched into group headquarters and demanded the right to jump on the next mission. Her request was forwarded to the Pentagon, where it was rejected. But the base commander heard about her offer, called the paratroops together, declared he was taking a WAC-rigged chute on the mission and would jump himself. The mutiny quickly subsided.

The Marines were the last to accept women into their ranks. But the women Marines, shortly after their induction in 1943, proved their abilities in many branches of the service which didn't require a full field pack and a rifle.

Since the end of World War II, the women's services have received high praise from the nation's top commanders. During the debate on integration, the brass hats' comments sounded like confessions at a revival. "Like most old soldiers," said General Eisenhower, "I was violently against women soldiers. I thought a tremendous number of difficulties would occur, not only of an administrative nature . . . but others of a more personal type that . . . would get us into trouble. None of that occurred.

"In tasks for which they are particularly suited, WACs are more valuable than men, and fewer of them are required to perform a given amount of work. . . . In the disciplinary field they were, throughout the war, a model for the Army. More than this, their influence throughout the whole command was good. . . . Their presence was always reflected around a headquarters in improved conduct on the part of all. . . . I am convinced that in another war they have got to be drafted just like men."

Adm. Louis E. Denfeld, then the chief of Naval Operations, observed: "The service of women is no longer an experiment. They have become an integral part of the Navy. . . . It is obvious that in any future emergency, women will be needed and in far greater numbers than ever before."

While the women accept these words of praise, and will be happy to file them as citations, they are still aware that nobody—at the Pentagon, in the defense agencies, or on Capitol Hill—really has faced the problems that will permit them to serve to their capacity should they be needed in an all-out war.



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LIEBERMAN FROM BLACK STAR

# U. S. Contracts — A Selling Job

By MILTON A. SMITH

**IF YOU are interested in getting a government order for your company, here are some facts you may have overlooked**

**S**UPPOSE you decide one day to try to add some new products to the line of your small plant. It's not likely you'll just grab your hat, rush to New York and call on a purchasing officer of a large chain store concern and say:

"Mr. Blake, I have a plant at Rapid Falls. We make a fine line of widgets. Your company probably can't use any widgets, and besides, we've been cut back so on metals that we may have to stop making them. I just thought that maybe we might be able to make something your company might buy."

No, you wouldn't start out that way.

You would probably study the products handled by the chain concern. Having picked some items that your firm could produce, you'd then make price and cost studies. The trip to call on the purchasing officer probably would be preceded by preliminary negotiation by correspondence. In any event, you would be prepared to offer a definite item, make delivery commitments and negotiate the price.

A similar, businesslike approach

is fundamental today to doing business with the world's biggest customer—Uncle Sam. Apparently many business men ignore this. Asked what he considered the most important advice that might be given a business man wanting a contract, a Defense Department procurement official said:

"Don't come in and say, 'Here I am, take me.' The military establishment just doesn't have the means of telling you what you can do. The company management's job is to decide what it is equipped to offer us on a competitive basis."

Military procurement officials emphasize the competitive aspect of present-day selling to the Government. Despite increasing appropriations, the prospect is that, barring full-scale war, military requirements will come nowhere near taking as large a part of the products of most industries as they did in World War II. Industrial expansion during the war and post-war years means that there are more facilities for making the thousands of items the military buys. At the same time, forced to cut back on their normal products because of material shortages or limitation orders, thousands of firms seek defense orders to stay in business.

The same situation holds for many of the thousands of industrial products bought by the non-military departments of the Government. Getting a chunk of this market involves more than filling out forms to get on a bid list. It calls for know-how, efficient planning, and often aggressive sales work.

The job starts with finding out who buys what. There is no place where all the items Uncle Sam buys, from bolts to battleships, are displayed neatly on shelves for your inspection. Much government purchasing is done at widely scattered points. In the case of many military items, a purchasing office maintained by one department buys specific items for the Army, Navy and Air Force, under current centralized procurement procedures.

Hand tools, for instance, are bought for the several services by the Navy Purchasing Office in Washington. Photographic equipment is handled by the Air Force at Wright-Patterson Air Force Base outside Dayton, Ohio. Many items of construction machinery are obtained through the Chicago Procurement Office of the Army Corps of Engineers.

Civilian items for the Government are handled by the General



Services Administration which buys in Washington and at ten regional centers.

There are several places where you can get information on purchasing offices, procedures, and current and possible future requirements.

You can write the Central Military Procurement Information Office, the Pentagon, Washington 25, D. C., for a list of procurement offices of the Department of Defense. This will help you locate the offices nearest you which buy the products you want to sell. Then you contact the appropriate office to get the necessary forms or find out what information has to be supplied to get on that office's mailing list for purchasing announcements.

On civilian items, information on buying offices and a form which has to be filled out to get on the General Services Administration mailing list is available from the Federal Supply Service Inquiry Office, Room 7282, Seventh and D Streets, S.W., Washington 25, D. C. If you write this office, tell something about what you have to sell, and your firm's experience. This will help you get the right form.

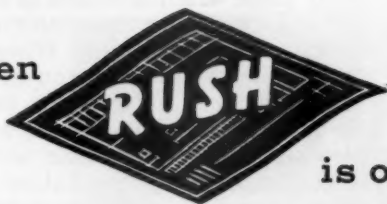
In many communities, under arrangement with the U. S. Department of Commerce, local chambers of commerce have become a source of information to business men on current government procurement requirements and buying sources. Many trade associations keep in close touch with procurement developments involving the products their members make.

Regional and field offices of the U. S. Department of Commerce maintain files of information on buying agencies and day-to-day lists of proposed purchases by civilian and military agencies. A recent booklet of the United States Chamber of Commerce, "Selling to the Government," explains procurement methods, buying agencies, fundamentals of the laws and regulations involved. It also lists sources of more detailed and specialized information on various aspects of this business.

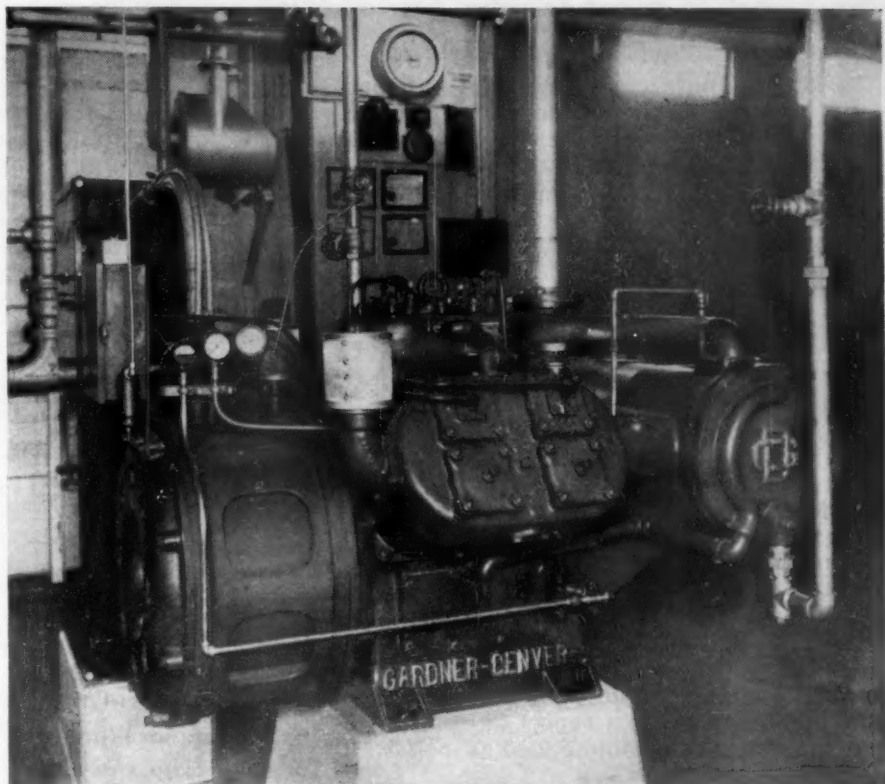
Look into some of these information sources before you decide to go to Washington. In a not-unusual incident, a Middle West business man recently traveled to Washington and finally found his way to the Central Military Procurement Information Office. There a Navy officer advised him that Armed Forces purchasing of the item he wanted to sell was being handled at an office only three blocks from his plant.

The sales work often starts be-

when



is on the blueprint . . .



they turn to

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fore you can even get on a list to receive bid invitations. Like any other buyer, Uncle Sam wants to buy at the lowest price, but he is also concerned with a prospective bidder's ability to meet quality and performance standards. How much of a job this may depend on the type of product you want to sell. For many items, information supplied by mail is enough to get a company on a list of interested bidders.

In other instances—military items of a type not produced ordinarily by a company, or which require special skills or know-how—even a plant inspection may be necessary before a company will be put on a list of recommended bidders.

Suppose, for instance, you believe your plant is equipped to make aerial bombs, or subassemblies for such bombs, but you have had no prior experience with such items. You would probably start out with the Picatinny Arsenal at Dover, N. J., purchasing headquarters for these items. You would have to provide detailed technical information concerning your plant and its equipment. If the procurement officers are generally satisfied as to your apparent qualifications, an officer from one of the District Ordnance Offices would look over your plant and make a report before you would be recommended as a bidder.

In a typical case, an approved plant started negotiations with Army Ordnance for a specific contract. A number of other firms were interested, too. Finally the negotiations narrowed down to several companies, including this one. Before it was awarded a contract an Ordnance officer and a civilian engineer made another, more detailed plant inspection.

Just as a company uses modern advertising and promotional methods to create a civilian demand for its products, careful sales work may be the key to government orders.

One enterprising manufacturers' representative who specializes in office equipment has built up a good volume of government business for several concerns by applying principles that any good sales manager would follow. When he wants to introduce a new item he assigns a salesman to call on office chiefs throughout government departments, making demonstrations and explaining the merits of the product. Frequently this leads some official to ask the procurement offices to buy the product.

Imagination and ingenuity have their place when it comes to doing business with the Government, as in other kinds of selling. When the census taker called on you in 1950 you may have noticed the pouch he used to carry his forms, which also served as a portable writing desk. An alert representative, who knew that none of the concerns he served could economically make the whole portfolio, figured out how to split the job between two companies.

After working out costs carefully a bid was offered, which proved to be the lowest of the several submitted. This led to orders for some 235,000 of these portfolios; both concerns made a fair profit, and the Government got the benefit of a good saving.

Ingenuity is especially needed when the problem is to find out what kind of military items a plant

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## Highlights to Obtaining U. S. Contracts

1. **Don't rush to Washington.** First try your local chamber, trade associations or Department of Commerce field office for information.
  2. **Ask to be put on bidders' lists** for items you can produce.
  3. **Prepare bids carefully before submitting to any procurement agency.**
- 

might make. During the last war, an eastern lipstick manufacturer found out that he could readily convert to produce cartridge cases. A Midwest toy manufacturer found his tools adaptable to making bazookas, and a lamp-shade maker produced gas-proof jackets.

A plant making builders' hardware found that it had to get defense orders or close up. The first step was a study of contracts awarded to other firms in the industry. Thus the company identified several items and the procurement offices where they were being bought. This information helped expedite the job of getting on a recommended bidders' list, ultimately leading to substantial contracts.

A lawn-mower manufacturer combined sales promotion, research and ingenuity to produce millions of dollars of orders from the military. Seeking a role in war

production, the company studied the performance of power mowers the armed services were buying from other makers. The company's engineers decided that they could design a new machine that would do a better, faster and more economical job of keeping down grass and weeds on airfields, military posts and other armed-services-owned real estate.

Blueprints grew into a complete machine. Engineer Corps officers were persuaded to test this machine. Their enthusiasm led to contracts that kept the plant running at full tilt throughout the war. Meanwhile, it continued its development work, and when the war ended the company was able greatly to enlarge its market.

The Government uses two principal types of procurement procedures. Normally, most buying is done through sealed bids. This procedure is still used wherever practicable, but military procurement also is conducted by negotiation. In any instance the purchasing officer is required to obtain the most advantageous arrangement for the Government, considering price, quality, delivery time and other factors.

The procedures in any government purchase transaction are controlled by laws and regulations primarily intended to protect public funds. These laws present complications and problems not found in ordinary business dealings, and which sometimes discourage a prospective contractor. When the more important of these requirements are understood, however, the difficulties and complications appear less formidable.

A contractor must be most careful about details of specifications, calculations of costs, and must make sure that he has or can get the necessary finances or facilities to fulfill a contract.

Specifications may be rigid. The contractor who fails to meet the smallest detail can find himself with a rejected order. "Just as good" will not salvage a shipment which does not meet the specifications called for.

Bids may be asked some time on a type of product that you make, but which does not quite fit the specifications. Perhaps you feel that your product is better than the description calls for. In such cases you can ask procurement officials to seek revision of the specifications.

Sometimes a detail like a requirement for submitting a sample may throw a bidder. A bid invitation for loose-leaf binders with



gold lettering called for a sample. The lowest bid was rejected as "not responsive to the invitation," because, although the bidder said he would provide lettering as required, his sample did not show it.

To know your costs is a basic axiom of sound business operations. When it comes to doing business with the Government, this assumes even greater importance.

If you make an erroneous quotation to another business concern, the chances are you can work out an adjustment. But mistakes can be serious when you sign with Uncle Sam. The procurement officers will be sympathetic, but they are bound by the law and regulations.

The records show many such cases. Sometimes it's plain oversight, such as failing to note a small but important detail. Using a container different than required, putting two dozen items in a box when the contract specifies 18 can cause rejection.

A business concern can also get into hot water by biting off more than it can chew. Taking a contract which the plant is not equipped to fill by the required delivery date is an example. Or a plant may have facilities to do the job but lack financing.

Ability to finance a contract as government payment procedures prescribe should be carefully considered. If extra working capital is needed, the requirements should be determined and arrangements for financing made in advance in so far as possible.

Sometimes a manufacturer finds that his plant is not equipped to do the exacting work military items call for. When the Bureau of Ordnance says that a particular part must be machined to one-tenth thousandths tolerance, it means just that. A company that does not have the tools or the workmen to meet such requirements should seek less exacting orders.

As military buying of airplanes, battleships, tanks and other major items is stepped up, many opportunities for subcontracting are created. Military procurement officials point out that many companies should concentrate on this rather than prime contracts. Aside from providing access to defense work, the subcontractor gets the advantage of the experienced help and guidance of the prime contractor.

Here, too, sales work and ingenuity are necessary. You might begin by finding out about companies that have major prime contracts. Of several sources of such infor-

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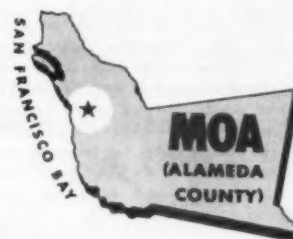
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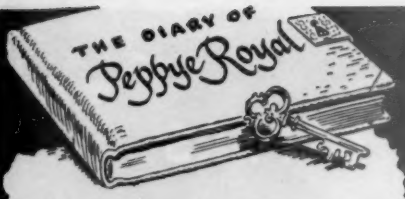
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*March 1st*—Comes to me by poste a solicitation from the Association of Negro Universities. My Cockles are Warm-ed to respond, knowing that I give educational opportunities for Those who have been so Greatly thus denied.

*March 8th*—Like Abu Ben Adam awoke from a Sweet dream, having dreamed all patron's orders were being unswervingly fulfilled. Since this is my Fondest dream and quite unreal-izable, I suggest uncared for Customers turn to my worthy competitors for fulfilment.


*March 15th*—This is the day of Monstrous Headache, more aptly termed the Chides of March, when the wary Business Man seeks less the solace of hare's foot and pills of turpentine than the Services of good Accountant.

*March 17th*—To masquerade ball honoring the good St. Patrick. Did sympathize with the sorry Plight of a lady of Neblous Age whom her partner at Midnight did beseech to unmask; which flourishe had already been performed at Eleven.

*March 20th*—What wisdom of Sir Thomas Talfourd's: "Fill the seats of justice with good men, not so absolute in goodness as to forget what human frailty is." May I display equal Sa-gacity in continuing to furnish my furniture of Steel to the good and Frail, the great and humble with unstinting comfort for All.

*March 23rd*—At long last to "South Pacific," there to take high pleasure in seeing ex-tolled the virtue of Age in Romance. No small Comfort to us now some withdrawn to the Fair side of forty.

*March 31st*—Gladdened am I by the bulky bundle brought before me; for it contains numerous Requests of my New Catalogue. Whosoever desires to own this most Excellent volume hath but to do likewise.



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mation, the weekly synopsis of contract awards of more than \$25,-000 published by the Department of Commerce is perhaps the most convenient. Several private subscription services also supply this information. Many local chambers of commerce and trade associations maintain files of these synopses.

As in seeking direct government orders, it's a good thing to suggest to the contractor just what you can make for him. In any event, an inquiry offering services to a prime contractor should be accompanied by detailed information concerning the plant and its equipment. Especially important is specific data as to type and condition of machines and tools, and the kinds and sizes of material which can be handled.

The prime contractor will want to know about delivery facilities and the organization personnel of a prospective subcontractor. Important also is a description of accounting and cost records, and information concerning the company's current financial position.

Alertness in searching out a way to save scarce materials or speed up output of some small, but possibly bottleneck, item is one way to open the door to subcontract business.

A small midwest plant made moldings of aluminum strip, produced on simple rolling machines. Curtailment of commercial construction and limitation orders threatened extinction of the business.

Weeks of inquiry failed to unearth any defense jobs which this little plant was equipped to handle. One day a company representative, going over schedules of plane parts with procurement officers, spotted a piece which was being made from solid material.

The representative suggested this could be formed hollow from strip, with a resultant saving in material. He said he knew the company that could do the job.

Wires to plant factories hummed, and in a few days the suggestion was adopted. Red tape was cut to obtain and install needed anodizing equipment, and the plant owner, somewhat dazed, began studying how to keep up with his orders. With a prewar average sales volume of \$150,000 yearly, this firm produced more than \$3,000,000 worth of material for plane builders before the war ended.

Many concerns have found it beneficial to employ special help in connection with getting and

servicing government business. Headlines of a year or so ago about "five percenters" have led government agencies to point out that no one has to hire help to get a government contract. Nevertheless, while continuing to warn against mere "influence peddlers," procurement officials recognize that expert assistance often is helpful in doing business with the Government, especially in the case of small concerns.

Conditions under which you may properly pay compensation for services in connection with getting government orders are governed by a provision in every contract known as the "covenant against contingent fees." In general, this provision permits the payment of a fee or commission for government contract services to a bona fide commercial or selling agency maintained by the contractor. Rulings as to the practical application of this provision have emphasized these points: An agent or representative may serve several companies, and any arrangement should be made for

"In common things of life lies the strength of the nation. It is not in brilliant conception and strokes of genius that we shall find the chief reliance of our country, but in the home, in the school and in religion. America will continue to defend these shrines. Every evil force that seeks to desecrate or destroy them will find that a Higher Power has endowed the people with an inherent spirit of resistance."

—Calvin Coolidge

continuing services for a stipulated period of time. The latter point is especially important—avoid an arrangement made only with reference to a specific contract.

In the last analysis, selling to the Government involves common-sense business techniques, although it also poses many problems not common to usual business relationships.

Procurement offices have provided various information services designed to help the smaller business man solve these problems, but the would-be contractor must recognize that, in dealing with military items—just as with civilian items—competition is of the essence. He must do his own job of selling his plant and his product.



## Federal Finance Agencies

(Continued from page 63)

that reckless philosophy: "What you can't do for yourself, the Government will do for you."

The Treasury reports \$31,718,000,000 in loans and guarantees outstanding by the 15 largest agencies at the end of 1949. This does not include direct grants of aid to foreign countries, with Great Britain's \$3,750,000,000 the largest single item. The year's increase was \$5,082,000,000. Of the total, about two thirds was aid to homeowners, one fifth went abroad, 14 per cent to agriculture and slightly more than two per cent to industry.

Figures are not exciting reading but they are the signposts for Government's complicated and conflicting controls of the nation's money and credit, of the lives and security of the people. Fed by modest taxpayers and consumers, the money stream on which all depend becomes a mighty torrent of breath-taking billions.

Governments—federal, state and local—have first claim on every dollar earned or spent. It is the same whether an hourly wage or an annual dividend. Government decides not only how much it will take but how much and what the owner will get for what remains. Government is both umpire and all the players.

In a democracy where each has a voice and vote, the citizen puts his Government first. He can insist, however, that government levies be within reason, that they be wisely used and that they do not bring increased risk and instability for himself and nation.

Government monetary controls are drastic and reach all the people. The bizarre aspect of federal controls is the number of agencies imposing them and the general lack of harmony. As to having a stable financial policy, the Government is not clear where it is going or where it wants to go. Controls become expedients to conceal weaknesses in confused fiscal and monetary policies. The confusion becomes a reality in the daily lives of all who use money.

The nation has gone far and fast along the road of Socialism through government control of financial affairs. Many in power hope it will go farther—to the goal where there will be no bothersome controls because all business will be government business.



## ...have ample fields of OIL, COAL and GAS practically in the dooryard

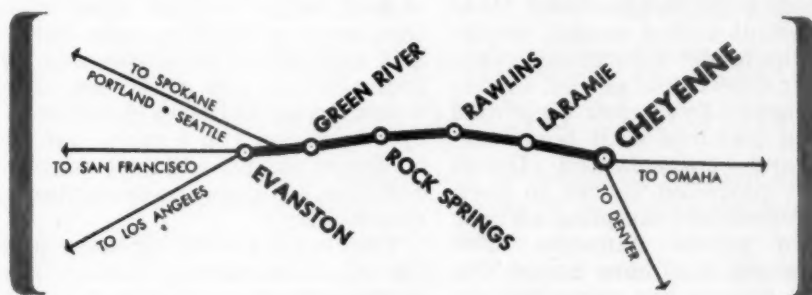
Not only ample supplies of oil, coal, and natural gas, but also large deposits of other minerals—metallic and non-metallic—make Wyoming especially desirable as a location for industrial plants.

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## UNION PACIFIC RAILROAD



# They're Daffy Over Daffodils

By WILLIAM L. WORDEN



Like all festivals, Washington State's Puyallup Valley has a queen. Nancy Davis ruled in '50

**T**HE ROAD was narrow and the ruts were deep. Cumbersome Marmon sedans risked muddy shoulders to let Model T Fords and four-cylinder Chevrolets get by. Ladies with cloches down over their ears snapped pictures with box cameras, and transplanted Dutch farmers patrolled fences to keep small boys from trampling all over rows of yellow daffodils. The farmers did not care about the daffodil blooms but perspired for the bulbs below them. Tempers and radiators boiled over.

It was a mess, and also a very typical April week-end scene on the byroads of Washington State's Puyallup Valley in 1927.

On an early Saturday in April, 1951, the highways of the Puyallup Valley—wider now, and paved—will be lined with 30,- or 40,000 people, and the streets of Tacoma, Puyallup and Sumner will hold another 100,000, while floats, bands and marching organizations pass in a parade featuring 1,000,000

daffodil blossoms. At the same time a field house will be filled with thousands of flowers—rare varieties and floral arrangements by professionals and amateurs. The following day ski races in the nearby mountains and a yacht parade on Puget Sound will also feature daffodils, as prizes and decorations, respectively.

This is an eye-filling show and has a mouth-filling name—the eighteenth annual Puyallup Valley Daffodil Festival. A visitor may wonder at the spectacle of four communities going into a week-end business paralysis over flowers; but he is not likely to suspect either that this celebration grew out of a rural traffic jam, or that it has been thriving for 18 years just because people like yellow flowers.

Daffodils don't sound like much of an industry, but they are. The valley is a 15-mile-long, three-mile-wide strip of rich soil along the banks of the Puyallup River between Mt. Rainier's glaciers and

Puget Sound. It had been a hop-growing center since settlement days in the 1880's but was reeling in the early 1920's under the twin blows of prohibition and a hop-killing insect pest. A U. S. Department of Agriculture expert happened on the scene during a search for an area in which an American bulb industry could be started to compete with the centuries-old Dutch monopoly on daffodils, tulips, irises and lilies. Here he found suitable soil and landowners who were looking for a new crop.

It was a happy marriage, from the start. Bulbs grew disease-free, larger than the Holland imports and, most important, a full two weeks ahead of the Dutch season. Dutch immigrants supplied knowledge of bulb culture and their Yankee neighbors built machinery—bulb planters, diggers and sorters—to get away from the tedious handwork which always had been part of the industry. Almost immediately, bulb growing provided



a profitable side line for a farmer with an acre or two to spare. Later, it proved even more practical as a large-scale, industrialized farm operation.

In the Puyallup Valley and half a dozen similar areas in Washington, Oregon and Michigan, growers specialized from the first in supplying big, fat bulbs to florists and greenhouses. These were forced by the buyers—hence the importance of the two-week seasonal advantage—and the blooms sold in January or February at high winter prices. A bulb with the unlovely name of the Double-nosed King Alfred became the premium product because it would produce two big and spectacular blooms.

The bulbs were good enough to capture a share of the American market immediately; and with World War II, the capture became complete. Machine methods, accurate grading, disease-free guarantees and competitive prices have kept the American bulbs abreast of imports in the postwar years.

As an industry, daffodil growing is firmly established on nearly a thousand Puyallup acres, producing 8,000,000 bulbs for sale annually. Washington State as a whole sells 15,000,000. Bulb fields and sorting sheds provide jobs for laborers, school youngsters and housewives during the season; and the industry maintains skilled farm labor the year around—including men who can look down a row of thousands of daffodils in bloom, pick out two or three of the wrong variety and transplant them, still keeping their eyesight.

Forty acres of daffodils in full bloom, with a snow-capped mountain in the background, form a beautiful picture; but the blossoms have only about the same connection with the final product as tassels do to a field of corn. Careful bulb growers leave blossoms in the field until they begin to wither, then send crews in to top them, collecting the withered flowers as insurance against providing havens for pests but throwing them away once they are out of the field. To cut blooms before they start to wither reduces bulb size as much as 15 per cent.

Growers never had any commercial interest in the crowds who drove out to see the fields in the '20's. The market was in New York, Chicago or St. Louis, but not in the western Washington area where daffodils grow so readily that everybody has them in his own garden. The few flowers the grower might permit his children to sell from a roadside stand did not begin



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to equal losses caused by careless amateur photographers and sightseers who ruined the back roads and trampled the bulbs.

However, it's hard to stop somebody who really wants to look at flowers. After a few abortive attempts, the growers decided it was easier to bring the flowers to the lookers.

The town of Sumner started with a budget of \$25 and a small parade at the height of the blossoming season. Trucks and wagons were decorated with a few thousand discarded daffodil heads. Simultaneously, a few of the major growers displayed a collection of their choice daffodils in a corner of the town's high school gymnasium.

Some Tacoma and Seattle newspaper photographers showed up to take pictures—and the festival was launched. The town of Puyallup joined the celebration on another spring, and then Tacoma followed. The parade acquired bands, more floats and the inevitable festival queen.

Today, the festival includes the tiny town of Orting among the celebrants. A board of directors representing chambers of commerce, business and growers works throughout the year without pay. Ski and yacht clubs cooperate by arranging their specialties in conjunction with the main show; and

professional growers team with women's garden club members to stage the flower exhibition.

The daffodil festival is a big show—but you'd never guess it from the budget.

Five thousand dollars is the most the directors ever have had—obtained through the sale of 50 cent daffodil buttons and through contributions.

Daffodil growers actually make the largest contribution. Since the war, the industry has begun shipping thousands of cut flowers by air freight direct to city markets, thus short-cutting part of the old bulb-forcing system. But at the height of the cut-flower season, they deliver 1,000,000 flowers to the parade—selling them last year for \$3.50 a thousand at a time when the going price was \$14.00.

In the Puyallup Valley, a festival means that a couple of hundred businesses and business men, a farm industry, a majority of the area's feminine gardeners and the representatives of one city and three country towns do a lot of work together. They brave uncertain weather, blister themselves arranging flowers and bang their fingers building floats, putting together one of the country's most beautiful shows.

There really isn't any reason—except that they all like daffodils.



"Is there any kind of a guarantee?"



## Risks Europeans Won't Take

(Continued from page 45)

European market narrow, since it discourages Europeans from renewing their possessions, or adding to them, as often as a manufacturer might renew his equipment. Individual incomes stand still in Europe, while they tend to rise steadily here—a stimulant to installment buying.

French couturiers have learned to exploit the American dress market by seasonal changes of their fashions.

But Frenchmen who made goods to be sold at home do not apply the lesson learned in the United States and stimulate French men and women to buy new clothing or new refrigerators.

The manufacturer's effort to satisfy the individualistic whims of the customers in the meager market to which European industry does cater further slows the

"It never can be too often emphasized that social security is not an end in itself; it is only part of the pattern of our whole social system. The first essential in any society is to produce in such quantities that all who are willing to work and who can work will be able to enjoy a decent livelihood for themselves and their families."  
—Paul Martin

pace of Europe's manufacturing economy.

Switzerland, for example, is highly productive and industry-conscious. But the Swiss make even such heavy goods as generators the way a tailor makes a suit—to please a particular buyer. Standardization—the key to mass production—is a stranger in Europe.

The absence of a mass market keeps European bankers cool to the notion of mass production and makes it easy for them to rebuff seekers of capital for plant improvement.

Europeans traditionally fear overinvestment more than underproduction.

Half of the money for capital investment in France since World War II has come from government sources, and one third of that half



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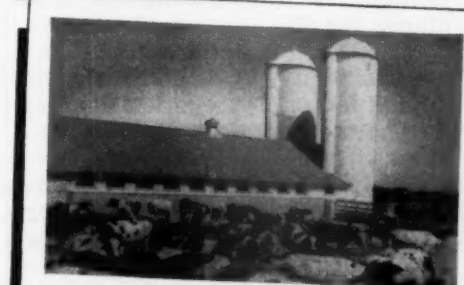
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came from the Counterpart Fund—the fund of francs equivalent to the value of the Marshall Plan dollars assigned to France. The Marshall Plan in its first year of operation provided 14 per cent of Britain's domestic investment program.

Postwar Germany has been limping toward recovery because capital is hard to come by in that country.

For long-term investment the Germans can obtain little but short-term credit.

The boldness of German bankers, unique in Europe, launched Germany on its mass-production history a century ago. Unlike other European banks, German financial houses like Rothschild's and the Schaffhausensche Bankverein promoted the establishment and expansion of industry, and as the banks grew, industry grew with them.

Yet even Germany at its mass-producing best suffered from the lack of a mass market for its products at home.

German industry made its comeback in the 1920's by selling abroad, and the international depression that seized the world 20 years ago quickly slowed German industry to a walk.

It paved the way for the Nazi regime, which some industrialists supported.

Many Europeans, proud of their own civilization, take offense at the suggestion that they ought to make over their industrial economies more in the American image, but they do not hesitate to ask Americans to turn over the fruits of our large capital investment program to help strengthen Europe's defense.

Because its own program for making jet fighter planes failed to fill the needs of the Royal Air Force, Britain early this year requested the United States and Canada to supply engines and planes for the coming 18 months.

Europe can hold the Soviet Communists at bay by establishing the kind of factory system that enables North America to keep Britain supplied with jets.

But if Europe clings to the old-fashioned idea that the market for its goods is unchangeably narrow and saturated and that therefore they cannot safely modernize their plant even in their own defense, Europe will be swallowed by the Communists.

The 150,000,000 people in the United States cannot turn out the armor for the 270,000,000 people of western Europe.

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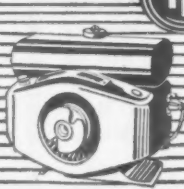


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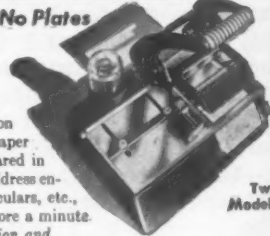
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# The G.I. Tag Is Back Again

This time even the  
civilians may wear  
an identification plate

EVERY MAN entering the United States Army receives a serial number and a necklace.

The G.I.'s neck chains with the accompanying identification tags are products of the Bead Chain Manufacturing Company of Bridgeport, Conn.

During World War I, soldiers carried their round aluminum identification tags in their pockets, around their wrists or on a string around their necks.

This system made it difficult for medical aid men to identify casualties speedily.

In 1942 the Government called on the Bead Company to supply necklaces for the Army. By the end of the war, the Connecticut firm had produced more than 22,000,000 stainless steel chains for American and Canadian soldiers. Never in history had so many men worn necklaces.

As the United States intensifies its rearmament program now, the Bead Company again is producing the hundreds of thousands of identification chains needed. More than 1,000,000 were manufactured last year.

In addition to military needs, civilian defense authorities are considering plans to have children supplied with chains and tags. Adults also may be "tagged" for identification.

The standard Army necklace consists of a 25-inch piece with a 5½-inch length connector looped through it.

A monel metal tag is attached to both chains. The smaller chain and tag are removed from the person when he becomes a casualty and are forwarded to proper authorities. For civilian use, one chain and one tag are used. The tag is stamped with the bearer's name, address, serial number, and blood type.

The bead chain, or ball chain as it was first known, was introduced in this country 84 years ago, after first being developed in Austria. Now it is standard equipment for every G.I.—compliments of Uncle Sam.

—SANDO BOLOGNA

## King Size Ad Buy



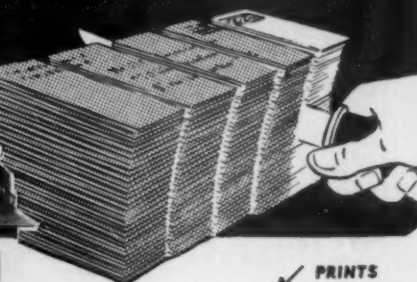
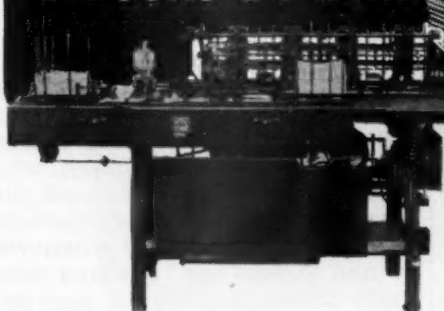
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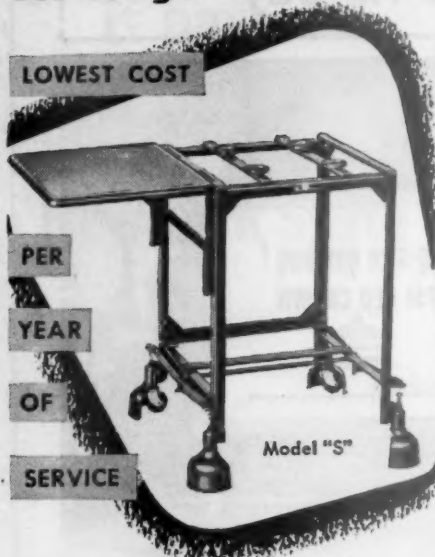
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APPRAISAL  
COMPANY**



Valuation of  
Tangible and Intangible  
Properties for  
Insurance Accounting  
Finance Tax and  
Legal Requirements

## Uncle Dave Comes Home

(Continued from page 48)

The marriage had turned out well. A few months after they eloped, Matty had been thrown from the buggy in a runaway, and while she had lost her first child, its premature arrival saved her reputation. But its sacrifice was not in vain. Seven more stalwart sons plowed Abe Gateland's broadening acres, and three comely daughters helped Matty and the hired girl in the kitchen.

The Gatelands deposited their burden of flowers up in front and after shaking hands heartily all around with those present, gingerly settled their large middle-aged bulks on the frail folding chairs.

Uncle William pulled out his big gold watch. "It's twenty minutes after three," he remarked audibly. "I wonder what's happened to Mr. de Vere?"

Several sighed and others shifted on their chairs. Old man North started hiccuping mildly. Prof. Woods tiptoed out into the hallway and came back with a paper cup of water. Silence and peace gradually returned to the room.

I sat looking at the doors wondering what was keeping the undertaker and the preacher, when one half was timidly pressed open and a woman sidled in. I heard my mother's gasp of astonishment, but it did not need that to cause all those present to lean forward in amazement.

It was Rosy Riley.

I don't think she had been over in the respectable part of town for years. I could remember as a young girl the handsome red-haired woman with the loud laugh, who used to flaunt herself around the town square at night. Our mothers taught us to look away whenever we had to pass her. She had been Uncle Dave's pupil in the days before her father, the Irish section foreman, had been killed on the tracks. It was after that she quit school and went from bad to worse.

When the pavement came through, her prosperous days were over. She couldn't compete with the city vice brought close to us by the smooth ribbons of cement. She led a precarious life in her old cottage on the outskirts of the town. So we had a good look at her for the first time in years. She was a pitiable sight.

I doubt she was aware so many people were in the same room with her.

She moved slowly across the intervening space toward the coffin. Then we saw she had some flowers in her hand, several sprays of tiger lilies and three gaudy cabbage roses. She had cut a piece of white wrapping paper into a lacy pattern and placed it around the stems of her bouquet in the fashion of a bygone day.

When she reached the casket, she stood for a long minute looking down at it intently. Then she lifted her hand and gently and tenderly smoothed its surface as if caressing the hair of a beloved old friend. Perry North sobbed aloud.

She looked around, startled. She became aware of the people seated before her. I think she must have felt the cold wave of disapproval that swept out from that crowd of good women. She turned and started out. Then she remembered the flowers she was carrying. She hesitated a moment, turned and came back. After a glance around at the abundant floral offerings already occupying all the places of honor, she stooped and laid hers on the floor at his feet.

Mother arose. While the entire gathering had been touched to the quick, she alone was able to act. With all the dignity of her silver-haired 70 years she went up to the broken woman and took her hand. "Rosie," she said, "won't you come and sit with me for the services?"

She looked around the room and remarked in a firm voice, "The notice said, 'For his former pupils and friends.' I am glad that you came."

Our young mortician hurried in just then, followed by the Reverend Hopewell. He explained that when he reached the minister's home a young couple had driven up to be married. He had remained to make the second witness with the parson's wife.

The services were brief and we were soon on our way to the cemetery. Banker Miller took the two old-maid Henson sisters in his car. Prof. Woods helped Perry North into his neat secondhand machine. My mother asked Rosie to ride with us, and Abe Gateland followed in the rear of the procession with his fine team of bays. He had never bought an automobile because his home lay two miles off the pavement.

When we reached Woodlawn the sun was sinking slowly behind the trees to the west and its lengthen-



ing rays lighted and warmed the waiting grave. We got out of our conveyances and gathered around.

"It will be a sweet resting place," said Prof. Woods to my mother. They smiled at each other. I knew they were both thinking of the old colored superstition, that one can't lie easy in the grave unless God's sun has shone into it.

The minister read some familiar passages and offered a prayer.

"If we only had some music—" said Mr. de Vere, wistfully. He did so like to get everything possible into a service.

"I will sing—if you wish," said Prof. Woods, simply.

In his rich, deep bass that sounded like soft organ tones, he began "Abide With Me." After he had finished one verse, Abe Gate-land and Mr. Schover moved forward and joined in with two other parts. And then suddenly we heard a pure high tenor, like a silver thread, weaving in and out above the lower voices.

"He can still sing!" my mother whispered to me. "Perry North used to have the sweetest tenor we ever heard in this town."

They changed to "Jesus Savior Pilot Me" and then Tennyson's "Crossing the Bar" and when they started "Lead Kindly Light," we all joined in and sang together.

After the services were over, no one hurried away. We wandered around in groups under the great spreading oaks while twilight came on, visiting the graves of this one and that—old friends who had gone on before.

I heard Rosie telling my mother, "I'll bring some flowers out on Sundays. You know my folks weren't buried here. I never had anyone . . . to bring flowers to before. . . ."

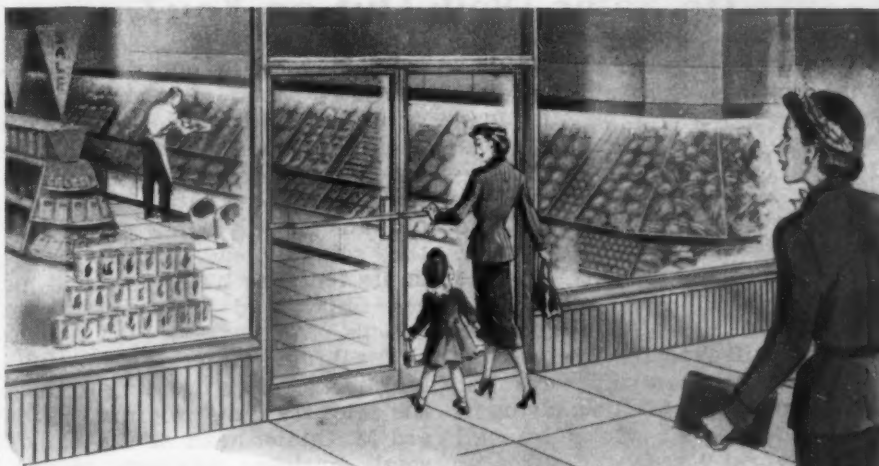
It was quite dusk when we finally broke up and started back to town.

A few days later Mr. de Vere called. After my mother had paid his bill, he still remained seated, fidgeting a trifle on the edge of the stiff parlor chair.

"I do hope you were satisfied with everything," he said with bright cheerfulness. "But it seemed such an odd kind of a funeral. . . . Such a—ah—mixed sort of crowd! I guess I don't completely understand things here . . . even yet. I never had a funeral just like that before. People acted like . . . like they enjoyed themselves—"

"They did, Mr. de Vere," said my mother. "They did. When folks who have known each other for more than 30 years gather together, it's kind of a reunion. Besides—it wasn't a funeral, Mr. de Vere. It was a home-coming."

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# MIAMI

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## Do Sales Walk Out on You?

(Continued from page 36)

that six members of the class bought shoes from him. Miss Joan Moore, a saleslady in Yreka, was found to have sold a gross of slow-moving deodorant shortly after finishing the course. "I just did what the instructor taught us: Make helpful suggestions," she told her employer.

The bank and the educators made a half-expected discovery as they studied campaign results: Thousands of people now trying to sell goods weren't salesmen at all before World War II.

Many of those now in retail businesses were just getting out of school in 1939, to be caught up in the draft or war industries. "No wonder they don't know how to sell," a banker pointed out. "Their only adult work has been in the armed forces or some factory."

This may be one reason why business mortality rates have been so high. Recently the National Stationers Association sent 40 professional shoppers to call on stationery stores. They were told to ask for carbon paper, and buy whatever quality the sales person first offered, plus whatever associated items he suggested. In virtually every store the buyer got the cheapest quality of carbon paper. Not a single clerk suggested any related purchases.

Shoppers went out with a mechanical pencil which contained no lead. During conversation with the sales person, they were to take the pencil to do some figuring, and make it obvious that they were out of lead. In only a few cases were they sold any lead. Usually attendants lent the buyer a pencil, or gave him lead from their own pencils.

The Bank of America made similar checks before deciding to push the sales training program. Richard M. Oddie, head of the bank's small business advisory service, was one of the executives who spent several evenings at it.

"My wife and I went into a furniture store," he related, "and wandered among the refrigerators. After we'd opened and slammed a number of doors, a young salesman drifted out of some back room and asked the usual was-there-something question."

"We said we were just looking. He watched awhile and then went away. Finally another salesman came up. He was smarter. He said, 'Good evening. Nice boxes, aren't they?'"

"I said, 'I don't see my brand.' He looked at the line of refrigerators and said, 'We have just about every good make. It must be somewhere. Why don't you look some more?'"

"We asked what he thought we

had been doing. This shut him up for a minute, while we muttered to each other. He finally spoke up, 'What make are you looking for?'"

"'An Ajax,' I replied. Greatly relieved, our salesman relaxed. 'We don't carry that line. Maybe you can get it at the store across the street.' This was the sort of salesmanship we bumped into wherever we went."

In the classroom, retailers turned pale as they listened to these stories. A sort of revolution—or renaissance—in retailing began to be felt in California.

One of the store owners who changed was Gail R. Stockton, sporting goods dealer in San Bernardino. He and his two salesmen attended the course, and took to heart the pointer: Get them talking. They began spending more time on each customer, chatting as long as he cared to stay. This was an about-face from their former routine of producing what a customer asked for, flashing a quick smile as they took his money, then hustling back to inventorying and bookkeeping.

Stockton's new plan doubled his store's over-the-counter sales. Business got so good that he hired a third clerk, picking a green youngster whom he could train in the techniques taught in class.

"It was amazing to see how much more we could sell," Stockton said. "On several occasions we have run up to \$30 or \$40 a sale that started when a man came in to ask for a 50 cent item."

During the course, Stockton was getting ready for a fishing trip with three cronies. One was a doctor who "owned more equipment than any one man ought to," as Stockton put it. Yet by chatting with him before leaving, and analyzing what the doctor wanted his equipment to do, Stockton sold him an additional \$100 worth. The same approach sold \$130 worth to his second friend and \$300 to the third. "It wasn't pressure selling," Stockton insisted. "I just did what the course suggested: Find their interests and discuss their needs."

The course contained no new magic. It taught simple time-tested ways to make friends with customers and help them pick merchandise suited to their needs—techniques which are an old story to any well trained salesman of a big company, but which are almost undreamed of behind counters of small shops.

As a result of the course, selling has become an interesting challenge to thousands of Californians who formerly tolerated it as a





dreary necessity. "I went into that class with a sour puss, and came out smiling," enthuses Bill Logue, a former steel mill worker who now operates a store in Fontana. He should smile. He had barely finished the course when he sold a television set to a man who came in for a can of auto polish.

"After he bought the can, I walked with him to the door, making chatter in the hope of hitting on new sales leads," Logue recalls. "I was kidding the man about putting on the auto polish when he glanced at a TV set in operation. I talked a little more and he glanced again. 'That's a pretty clear picture,' I said, without really thinking I could sell him. 'Step over closer. See if you can find any lines in it.' He went and looked. I kept on talking. Finally he bought the set. He told me he'd been on his way to see about buying a set."

The State Department of Education learned a little about salesmanship itself. "We've realized that no adult-education system can just offer a course, even a free one that people need badly, and expect them to flock in," one official said. "Education has to be sold, like life insurance or bonds. The sales campaign of the bank with the chambers of commerce made this program possible."

The bank can't point to any profit from its part in the program, but it has no regrets. From the early days of A. P. Giannini, one credo of the bank has been: "To keep small business alive is to keep opportunity alive." This campaign was considered profitable public relations. "Our reward has been in the hundreds of expressions of gratitude from communities throughout the state," says L. M. Giannini, president.

The bank is now planning a second educational drive, again in partnership with the California State Department of Education. This will be a barrage of short courses in "Management For Profit," to show small business men how to avoid waste and take advantage of scientific management methods. Training films and recordings will be used. If Californians accept it as heartily as they did the earlier course, there may be less red ink in small enterprises in the Golden State.

Detailed information on the program, as well as samples of the instructor's handbook and training materials, may be obtained by writing Department ST, Bank of America Headquarters in either San Francisco or Los Angeles.

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## Washington: I Like the Place.

(Continued from page 42)

deceived. Listening, he suspends subjective judgment in order to enjoy the candidate's story, as one must do when reading a fairy tale. The politician, he knows, belongs properly to mythology; not to sociology.

Similarly, one of the commonest complaints made about Washington by good citizens living at a distance from it, is that it is overrun by lobbyists.

Washington, without the lobbyists, would be a lackluster place given over to windy orations on Capitol Hill and the gathering of statistics relating to the production of wild hay. For the lobbyists are the best conversationalists in town, the most gracious hosts who give the best dinners and serve the best whisky, while, having the greatest leisure, they exhibit as a group the highest cultivation. One member of the fraternity whom I know long has been engaged in writing an invaluable book that will close a great gap in our national culture. It is a definitive history of the Confederate navy. Another, enraptured with the obscurely romantic, is making researches with a view to doing a monograph on the activities of the Jesuits in Paraguay in the seventeenth century. These admirable men find it rather odious to deal with the coarser issues of dollars and cents that sometimes confront them; and they do it, one is sure, not for the sake of the money, but merely as a form of penance that they must endure for the sake of the higher life to which they aspire.

Fortunately for them, they are rarely required to leave their meditations and book-lined libraries. Their employers, ranging from birdseed manufacturers to nationalists seeking the return of northern Epirus to Greece are victims of the quaint notion that they must have a "man" in Washington to represent them. This, however, is but half the case. The driving motive that animates them is quite otherwise.

The lobbyist's employer likes to go to Washington at intervals in order, if possible, to meet some of the distinguished figures in public life about whom he has read; men who are to him what Gregory Peck is to the bobby-soxers. This desire is inflamed by tantalizingly ambiguous letters from his Washing-

ton man who, without stirring from his home in Silver Spring, Md., writes his boss of having seen recently those powerful and famous legislators, Senator Cutstone and Representative Featherhuff. The boss would like to meet them, or others of their kind, and it is no trick at all for his man to arrange the meeting. This because of a peculiarly Washington phenomenon.

The national capital is filled with eminent statesmen who, like the first mountain trout of the season, are either always hungry or are yearning for a change of diet. Their majority, too, is also thirsty. They will go anywhere, at any hour of the day or night, where they will be well fed and get all the Old Rack



and Ruin highballs they can drink. So now the lobbyist asks some of them to dine with his employer, who scarcely hears what the great men are saying. In his mind's eye he is seeing himself back home in Hot Coffee, Miss., addressing his luncheon club. "Now, gentlemen, off the record, when Senator Cutstone asked me to dinner in Washington last week, he told me confidentially that..."

This moment of triumph is worth his employe's annual salary. No harm is done; least of all to the Treasury. For what the employer deducts from his income tax return, the employe pays. And there is in all this a positive accrual to the life of the capital because the lobbyist, returned to the leisure he so richly merits, is again free to resume his scholarly researches



## never mind—somebody loves you

Did we see him? You mean the one that got away?

Chin up chum. That's what makes fishing fun. Business, too, for that matter.

That's like the order you didn't get last week that you'll get next week . . . like all the things that start out wrong and end up right.

After all, who would know your ability to bounce back better than your own magazine, *Nation's Business*?

You're Izaak Walton, himself, to us . . .

And you rate right up there with the leading manufacturers of all the business bait and rod and reels and other implements you and the other 749,999 *Nation's Businessmen* need to do a better job with.

They spend \$3,300 a page in *Nation's Business* just to be near you. They're betting a million bucks a year on you.

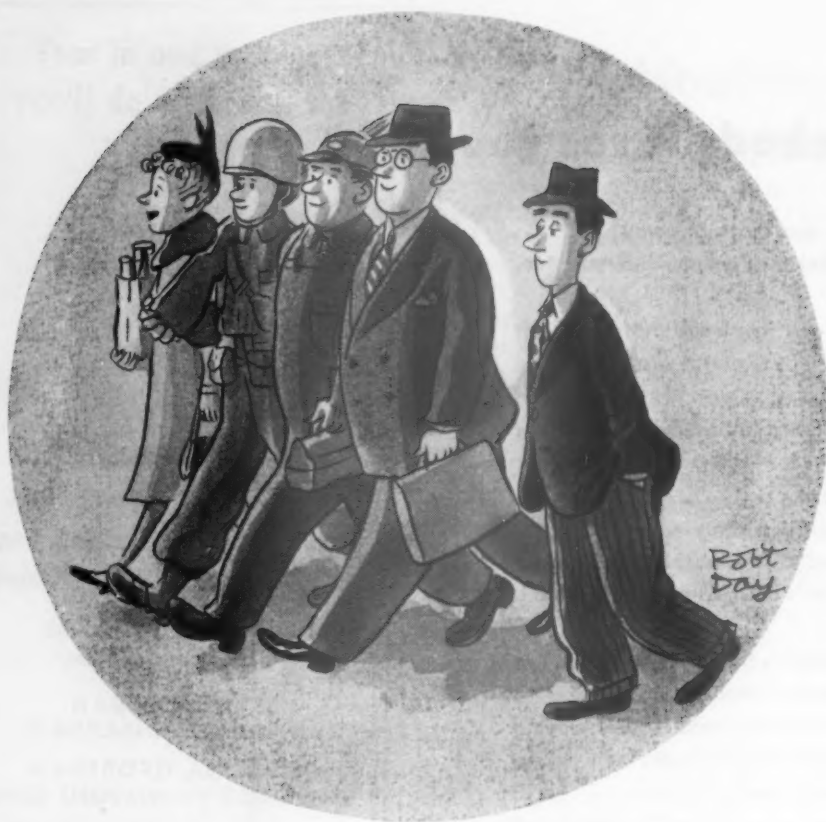
And why not? You're America's mass business market, buying power in billions . . . hungry consumer of plastics and paper, pumps and phone service, plywood and plant sites . . .

By the way, what do you make? Do you sell businessmen? Then you, too, must be using *Nation's Business*.

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## All Out of Step But **JIM**

ALL over this country people are lining up to do a job—strengthening our armed forces, laying the base for a production program that will make the Kremlin do some second thinking.

Young men are going into uniform, women putting their households on a prepared-for-anything basis, industries converting to defense work, business men offering their time and experience to the Government.

Everyone's getting in step. That's true of your chamber of commerce and its members. They're shaping a program that will mean most to the community.

Take a look at the chamber's membership roster. It's a good crowd to get in step with. If you're not on the list, sign up now. You'll feel better for it and know that your name isn't Jim. You'll be part of the community team doing its share for a united America.



*If you want to help make your city a better place in which to live and work, join the team. Ask your chamber of commerce executives about membership.*

**CHAMBER OF COMMERCE OF THE UNITED STATES  
WASHINGTON 6, D. C.**

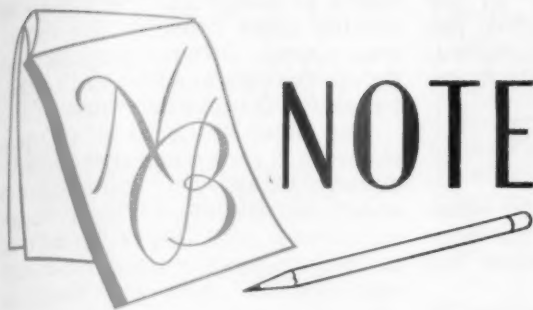
and continue to adorn the society of which he is so gracious a part.

It is indeed one of the more pleasant aspects of Washington life that a man may live there for years without spending a dime for his dinner. It is only necessary that he be able to walk, or ride, to the nearest foreign embassy or home of a United States Government official, and own a suit of clothes not too frayed at the cuff. Every day there are dozens of parties, receptions, "at homes," featured by large quantities of free food and drink which may be had by the simple device of dropping cards on the host to elicit an invitation, or, even simpler, by just walking in off the street. The footman will announce your name. Then you will shake hands with your host and hostess in the receiving line, to be turned loose among the victuals and the hungry who are already there stripping the cold salmon down to its framework or reeling happily between the table bearing the lobster salad and the one with the roast turkey. These receptions are the nearest thing we still have to the sumptuous free lunch of the old-time saloons.

One Washington woman of my acquaintance has not been driven in years to the desperate device of preparing her own dinner, and has even become a choosy connoisseur in this somewhat specialized field. She democratically patronizes all the embassies, but is bitterly critical of the quality of food served by some of the democratic diplomats who, perhaps to curry favor with their American counterparts, have fallen into the lamentable error of running their parties on a hog-and-hominy basis. My friend, however, veteran of many a rush to embassy buffets, can tell you where you are likely to find the best food and the most potent cocktails, but she prefers the Middle East embassies and their luscious edibles.

For all these reasons, and many others too numerous to catalog, I like Washington. Dreamily beautiful, its vistas fair, its skies unsullied by smoke, its payrolls a pleasant retreat from the harsh life of the workaday world, Washington is a monument to the taxpayers' sense of fantasy. But, above all, it is harmonious with our national life in this: Since it would be unbecoming in us to make mistakes on the small scale of a Central American republic, Washington's errors, when it makes them, are on a continental scale in keeping with the country's size. As in many other ways, it thus upholds the nation's pride.





# NOTEBOOK

## Yankee hustle

HOT AND COLD wars alike have failed to deter ambitious Yankee concerns from making a heavy play for foreign markets. Now American business has its taproots planted in foreign soil to the tune of \$12,500,000,000. That's a jump from \$7,300,000,000 in 1940. And the trend is continuing.

Many of the larger companies with substantial foreign interests are those whose names or products are as American as ham and eggs. They include General Electric, Westinghouse, International Business Machines, General Foods, Remington-Rand, General Motors and Sylvania Electric. And the list could go on, with the movies claiming a big stake.

Now along comes the Independent Pneumatic Tool Company of Chicago with its purchase of one of Britain's largest toolmakers. Neil C. Hurley, president, says it will permit increasing standardization for arms production. He claims American firms desiring to do business around the world must maintain facilities in both the dollar and sterling areas.

Officials of many companies agree, although others hold that limited liaison with foreign industries is sufficient, with American technical know-how and patent rights being exchanged for royalties and possible minority interest. But all emphasize the necessity of on-the-ground connections. There are problems, but the larger companies seeking world trade enter foreign operations with their eyes wide open. The advantages seem to be worth the risk.

## Easier sleeping?

VISITORS to the formerly drab galleries of the Senate and House of Representatives are in for a pleasant surprise the next time they drop in to hear their favorite orator. The completely remodeled and redecorated galleries are now equipped with specially designed

chairs, with end standard of Honduras mahogany for the Senate and American walnut for the House. Backs and seats have foam-rubber padding. Upholstered in a special tapestry used exclusively in the Capitol, they're patterned in red for the Senate and blue for the House.

## Beauty parlor job

IN CASE you haven't heard—and so you'll not embarrass your customers—one of the traveler's best friends, the American Express travelers check, has had its face lifted. So, advise your organization not to holler "counterfeit" if this 60-year-old passport of money crosses your counter in altered form. Olaf Ravndal, vice president of American, explains that, while the changes are considered minor, they include the imprint of a Roman gladiator, the use of modern and more attractive type with the entire check of a deeper hue of purple. While there's no time limit on the use of the old checks, the new look would seem to call for considerable publicity.

## Where are the pennies?

WHAT'S HAPPENED to all the pennies? The Federal Reserve Bank of New York has issued a plea for people to return them to the banks. The shortage, says the bank, is hampering business. The writer has received a host of explanations, but a letter from James Roger, president of Fulton County Silk Mills of Gloversville, N. Y., seems to supply a partial solution.

Says Roger: "Perhaps the Federal Reserve Bank of New York does not realize that, in the hinterland where there are now so many parking meters, many times the number of pennies used a few years ago are in daily circulation. From the meters, into the police stations, into the banks and back into the meters. Also, children have acquired the habit of saving pennies on a greater scale than ever—some

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### DIVIDEND NOTICE

#### Common Stock Dividend No. 141

The Board of Directors on February 21, 1951, declared a cash dividend for the first quarter of the year of 50 cents per share upon the Company's Common Capital Stock. This dividend will be paid by check on April 12, 1951, to common stockholders of record at the close of business on March 15, 1951. The Transfer Books will not be closed.

E. J. BECKETT, Treasurer

San Francisco, California



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## REMEMBER

the NATIONAL CHAMBER'S  
**39th ANNUAL MEETING**  
in Washington, D. C.  
**APRIL 30, MAY 1 and 2**

★★★★ PUT FREEDOM FIRST ★★★★★

for thrift, others because they believe they'll be worth more when they grow up. One boy in my neighborhood has more than 500 pennies he considers of historical value. Perhaps this will help to explain the mystery."

### Just complainers

THE MAN, or woman, who complains most about his job, his company or boss usually makes the best worker.

That's what the University of Michigan's Institute of Social Research has found after a four-year study. This means, we surmise, that the man who whistles at his work doesn't produce as much as the one who gripes. The Institute made its survey at the Prudential Insurance Company in Newark, N. J., and is conducting similar studies at Studebaker Corporation and the Chesapeake & Ohio Railroad.

A Prudential spokesman says the report may produce startling results for "it may be that instead of firing a guy who threatened to punch his boss on the nose, we should have promoted him."

In addition to finding the complainer as one most likely to keep the company in the "black," the survey also revealed that: Efforts to keep workers happy with athletic and recreational programs show no obvious benefits in their work. Prodding by foremen doesn't help. The "suggestion box" is of doubtful value in building morale.

Prudential's report on "good" foremen seems highly illuminating. The researchers report that the "heads of the best-working sections were highly critical of management, didn't keep a close check on production and, as a matter of fact, give their workers a free hand."

### The pinch

BUSINESS and industry are beginning to squawk because of the pinch, here and there, as they try on their old war production uniforms. Some find it a bit painful to squeeze 1950's figures into 1951's material and price controls.

And, it's all because controls have arrived faster than defense orders. Materials are being piled up for defense needs and taken away from civilian production. But still no government orders for the majority.

Small manufacturers have been among the loudest to complain for they find it difficult to shift operations from civilian to military. Some find it hard to get materials

in tight supply, when competing with larger users. And their inventories of materials are apt to be smaller than those of the industrial giants. Others complain that defense orders are few and far between for the smaller firms.

The silver lining to all of these squeezes is that when defense production finally gets going at full speed, the manufacturing industry as a whole probably will climb to its highest peak in production and employment, sales and earnings (before taxes).

That's small comfort to the fellow getting pinched now. And many, now making the least essential of civilian gadgets, may not be around at all.

### Fish bowl

CUSTOMERS seeking small change help themselves at the State Bank & Trust Company of Wellston, Mo. The bank put a large bowl filled with change on a counter with sign: "Need change? Make your own by fishing here." Philip C. Kopitsky, chairman, says the bank has confidence in people's honesty, it keeps them from standing in line and gives bank employees more time for other business. The "fish bowl account" will last as long as the deficit doesn't run into good-sized figures, we judge.

### Annual reports

IN SCARCELY more than a decade, the annual reports of American corporations have been transformed from a drab array of figures to lively publications.

Company after company has augmented the annual statistical review with a colorful presentation of graphs, picture diagrams, color photographs, art work and background literature. The pendulum has swung so far toward the magazine type of annual report that some reaction already has set in.

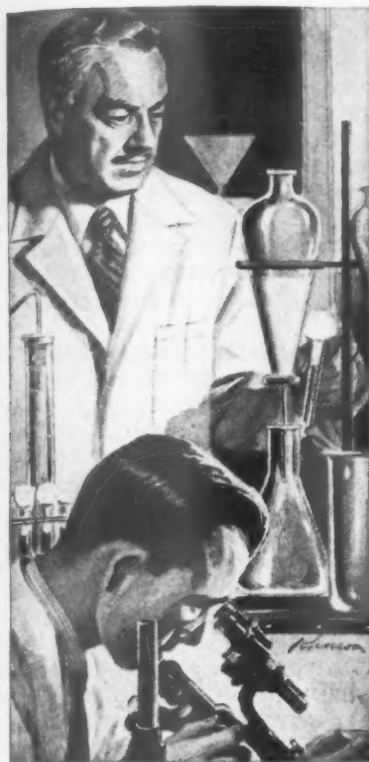
Have the reports gone too far in the direction of becoming magazinelike? Have they transcended their original purpose of a simple exposition of a company's doings? Or, on the other hand, have too many companies not gone far enough in simplifying and popularizing their reports?

Allegheny Ludlum Steel Corporation of Pittsburgh reports it polled its stockholders and found a majority not interested in "a colorful, well illustrated report." Some shareholders advocated cutting out extra costs and adding the savings to dividends.

Other corporations, however, re-



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port stockholders in favor of the new deal in financial reports. An official of one of the largest steel firms says his company has no intention of returning to the statistical, one-color report.

A glance over the 1950 batch of annual reports indicates most of the larger corporations prefer the use of color, high-grade paper and pictorial methods of interpreting figures.

Will there ever be a general revolt from the elaborate financial report and a trend toward a simpler method of telling the corporation story? It is too early to say.

In bygone days, reports were a holy terror to the average stockholder. Wall Street analysts and accountants could read them but to the uninitiated, they were only slightly more intelligible than the formula for the atom bomb.

Now that the dry aura of the ledger has been dispelled, these annual statements of profit and loss have found their way into the ranks of the newspapers and magazines, on the shelves of the public libraries, colleges and high schools.

### Money for thought

FOR THE first time in history a bank is giving away "money." Your memory might be jogged a bit when we tell you that the money is in thousands of high denomination old Reichsbank (German) marks—the one we received was a 10,000-mark bill—and they're being distributed by the Tarrytown (N. Y.) National Bank and Trust Company. Robert Frost, chairman of the advisory board, explains that the purpose is to call attention to the danger of inflation.

### Giannini's legacy

THE COURT order granting the petition to distribute the estate of the late A. P. Giannini, founder of the Bank of America and the financial tycoon of the Pacific Coast, turned up his final instructions for the administration of the Giannini Foundation which received the bulk of his estate. They were: "Administer this trust generously and nobly, remembering always human suffering. Let no legal technicality, ancient precedent or outmoded philosophy defeat the purpose of this trust. Like St. Francis of Assisi, do good—do not merely theorize about goodness. This is my wish and I confidently commit this trust to your hands for its fulfillment."



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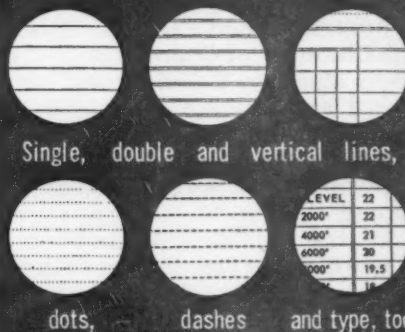
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# Business Plans for Action



**APRIL 30, May 1 and 2 will see business men from all over the nation again converging on Washington for 39th Annual Meeting of National Chamber. Freedom will be its theme**

**"PUT Freedom First."** What could be a more appropriate theme for the 39th Annual Meeting of the Chamber of Commerce of the United States?

On Monday, Tuesday and Wednesday, April 30, May 1 and 2, more than 2,000 business executives from all sections of the country will converge on the nation's capital to get information as to what is happening and what is likely to happen here and abroad.

At the National Chamber's Annual Meeting, they will come face to face with the nation's leaders in Government and in business. They will hear what these leaders think of today's developments, what they feel should be done—and why.

Moreover, the visiting delegates will have an opportunity to express their own views, and to help the organized business movement set up its course of action for the months ahead. They will be able to carry back home sound ideas which they can use in making their own business plans.

Many weeks have been spent in working out a well rounded program. Qualified speakers have been selected, like Senators Robert A. Taft of Ohio, Paul H. Douglas of Illinois, and Everett Dirksen of Illinois, just to name a few.

Greetings from our neighbors to the north will be extended by the Canadian Chamber's president, F. G. Winspeare.

The keynote will be sounded at the opening general session by the president of the Chamber of Commerce of the United States, Otto A. Seyferth.

A discussion on international affairs will follow,

with speakers from both the Executive and Legislative Branches of the Government.

General sessions also will be held in the morning of each of the remaining two days. During these sessions, the subjects to be explored will cut across the whole field of the present state of "gray" mobilization, and will deal with the economics of the mobilization, the economics of the world economy, taxes, spending, and inflation, defense production, and controls.

Then there will be luncheon sessions each of the three days. Subjects to be discussed include the responsibility of business organizations in today's emergency, financing defense, individual plant protection in wartime, mobilization for agricultural, price control problems, and transport in the emergency.

The luncheon the final day will be devoted to determining the program of action for the National Chamber and its 3,000 member organizations. This program will stem from a series of policy declarations on current national and international issues.

As in the past, a luncheon session and the traditional tea will be arranged for the ladies. Hostess will be Mrs. Otto A. Seyferth, wife of the National Chamber president.

Representatives and the delegates of the American Chambers of Commerce Abroad (AMCHAM) will be honored at a breakfast. Other breakfast sessions doubtless will be scheduled.

A big occasion each year is Organization Night. At this dinner, to be held on the second night, the National Chamber will salute the leaders of state and local chambers and trade associations—and their national organizations, American Chamber of Commerce Executives and American Trade Association Executives.

Delegates also will have a chance to meet members of Congress from their states and various government officials at state congressional dinners to be held at Washington hotels on the first night. These get-togethers are sponsored by local, state or regional chambers of commerce.

The top event of the meeting is the Annual Dinner on closing night. The speaker and the entertainers always have been headliners and they again will be just that this year.

Many delegates will be arriving a day ahead—on Sunday. They will be able then to complete their registration for the meeting at National Chamber headquarters.

Also, they will be able to attend "Sunday Open House" in the afternoon, when they will be greeted by the president and the six vice presidents of the Chamber and if they desire will be taken on a tour of the Chamber building to see how the world's largest business federation functions.

All in all, the National Chamber's 39th Annual Meeting should be the most penetrating, the most enlightening, and the most important business meeting of the year.